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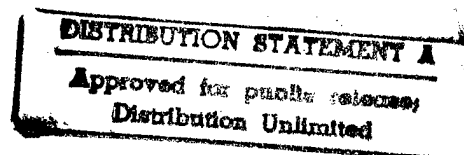
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9 June 1982

# China Report

ECONOMIC AFFAIRS

No. 238



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9 June 1982

# CHINA REPORT

## ECONOMIC AFFAIRS

No. 238

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## NATIONAL POLICY AND ISSUES

### 'GUANGMING RIBAO' ON THEORY OF ECONOMIC REFORM

HK260915 Beijing GUANGMING RIBAO in Chinese 19 May 82 p 3

[Article by Zhou Taihe [0719 1132 0735]: "Clarify the Theoretical Basis for Economic Reform and Draw up a Good Overall Reform Program"--This was a speech given by the writer at a report meeting to launch the discussion on the problems related to the theory of the reform of the economic system]

[Text] In his report on government work at the fourth session of the fifth NPC, Premier Zhao Ziyang spoke about the reform of our economic system and clearly pointed out "our present task is to sum up experiences from the reform we have carried out before and through prudent investigations and study and repeats scientific reasoning, to draw up an overall program for reforming the economic system as soon as possible and to gradually carry out this program." One of the important parts of the scientific reasoning that he mentioned here was theoretical reasoning, by which we make clear the theoretical basis for the reform. Therefore, conscientiously organizing the discussion of the theoretical problems related to the reform of the economic system is a prerequisite for successfully carrying out the overall program for reforming the economic system.

A correct revolutionary theory is the guideline for us in carrying out the reform of our economic system. Through widespread and profound theoretical discussion, we will be able to both adhere to the basic principles of Marxism and socialism and to adapt the program we design to the economic characteristics of our country in drawing up the overall program. Then we will be able to satisfactorily combine theory with practice and orientation with methods. [Words indistinct] the reform [words indistinct] rely on the joint efforts of the broad ranks of our cadres and the broad masses of the people. At present, our cadres and masses differ in their understanding of a few theoretical problems. A widespread and profound discussion will facilitate unifying and improving their understanding and thus help them make joint efforts to carry out the reform of the system.

The reform of the economic system is a very complicated and difficult task and in carrying it out we are bound to encounter obstacles that will stem from various sources. Only by mastering powerful theoretical weapons can we open up new prospects, remove all obstacles and carry out the reform step by step in a planned manner.

At present, we have to clarify, in theory, some important problems concerning the reform of the economic system. For example:

We should correctly handle the relationships between the planned economy and the regulation by market mechanism. We must correctly understand the nature of the socialist economy, the economic laws, the relationships between the planned economy and the market and the relationships between production and circulation.

We should correctly handle the relationships between different areas and different departments. We should correctly understand the economic function of the state and the relationship's between centralism and decentralism.

We should correctly solve the problems related to diversified economic compositions and diversified ways of management. We should correctly understand how the socialist relations of production should be suited to the degree of development of the productive force.

At a recent forum, a leading comrade of the state council said that there are two major issues related to the reform of the economic system: One concerns planning and the market, and the other concerns division of and relationships between various areas and departments, that is the issue of departmental management and the management of various areas. We should regard these two issues as key themes of our research. If we fail to satisfactorily and correctly solve in theory these major issues related to the reform of the economic system, we will lack a scientific theoretical basis in drawing up the overall program for the system reform and we will not have a correct orientation in planning and carrying out this reform. Therefore, it is necessary at present to launch a widespread discussion on the theoretical problems related to the reform of the economic system.

Of course, the theory of a system reform is not a dogma and cannot be established by means of pure theoretical deduction. We should not merely carry out theoretical study, but should, at the same time, study and sum up the problems that have cropped up in our practice and sum up both the past experiences at home and the experiences abroad. We should find the objective laws through integrating theory with practice. Thus we will be able to fix the goal, principles and policies of the system reform and draw up an overall scheme of design. We should theoretically sum up what we have discovered in our research into our practical experience and then apply what we have discovered to the comprehensive pilot projects we are carrying out at present and to the pilot projects for economic reform in local areas and in various trades and professions in order to test and improve it for the purpose of further popularizing it.

We warmly welcome all the comrades who are carrying out research into economic theory and who are working in the department of economic management throughout our country to freely air their views and to actively take part in the discussion on the problems related to the theory of the reform of the economic system.

CSO: 4006/462

## NATIONAL POLICY AND ISSUES

### 'JINGJI GUANLI' ON RURAL ECONOMIC RESTRUCTURING

HK280751 Beijing JINGJI GUANLI in Chinese No 4, 15 Apr 82 pp 63-67, 53

[Article by Gui Yuwen [2710 3768 2429]: "Summary of Experiences in Rural Economic Restructuring in Experimental Unites in Guanghan, Qionglai and Xindu Counties of Sichuan Province"]

[Text] Guanghan and Xindu Counties are located in the Chengdu Plain and most of their farmland and soil is fertile and rich. Qionglai County is located at the edge of the Chengdu Plain with mountainous areas, hills and plains each comprising one-third of the total area of the county. The three counties all have abundant resources and are the grain and edible oil base counties of Sichuan Province. The average per-capita amount of collectively-owned cultivated rural land is about 1.1 mu.

Since the collectivization of agriculture, some advances have been made in the industrial and agricultural production of the three counties and initial improvements have been achieved in their conditions of production. However, the growth rate was slow compared with the advances achieved in the reforms which have been carried out since the 3d plenary session of the 11th CCP Central Committee. During the 21 years between 1956 and 1977, the annual average increase in the total value of industrial and agricultural output of Guanghan, Qionglai and Xindu Counties was respectively 4.5 percent, 2.2 percent and 3.4 percent; the average increase in the total grain output was respectively 1.9 percent, 1.4 percent and 1.2 percent; the average per capita grain ration of Guanghan and Xindu has for many years fluctuated between 400 jin and 500 jin and that of Qionglai, between 300 jin and 400 jin; the average per capita income from collective distribution increased by only some 10 to 20 yuan during the 21 years. The cause of this state of affairs, apart from the losses brought about by the "great cultural revolution," was the "leftist" erroneous ideas which had for long years existed in economic work. The chief manifestations of these were: 1. The overcentralized economic management system, the failure to separate the functions of the government from those of the enterprises, the lack of decision-making power of the production and operational units and producers and the failure to bring their initiative into play; 2. the unitary production and operation forms with most attention being paid to the existing cultivated land and grain crops planting. This resulted in the internal sectors of agriculture being out of proportion and the utilization of resources and the exploitation of local strong points being hampered; 3.

Egalitarianism in distribution, with "everybody eating from the same big pot," a practice which dampened the enthusiasm of the vast numbers of cadres and the masses; 4. The unitary channel of commodity circulation and the monopoly of operation which resulted in impeded purchase and sale, the failure to smooth, out and even presenting obstacles to, the development of production and commodity exchange. The existence of these weaknesses interfered with the development of agricultural production, prevented the rural areas from becoming prosperous and tremendously hampered the agricultural modernization program.

After the smashing of the "gang of four," and particularly since the 3d plenary session of the 11th CCP Central Committee, the agricultural production of these three counties has been restored and developed at a relatively rapid pace; grain production has increased by a big margin and the vast numbers of cadres and the masses have eagerly hoped to do away with old restrictions and boost production to become prosperous as quickly as possible. Since 1978, the three counties, including Guanghan, have emancipated their minds and begun to probe and explore ways to restructure the rural economy. Comrade Zhao Ziyang, who worked in Sichuan Province at that time, gave them positive backing and offered timely guidance. Later the provincial CCP Committee made an official decision that the three counties should become experimental counties in rural economic restructuring, and urged them to explore ways to accelerate the development of the rural areas of the province.

The guiding ideology for the restructuring of the three counties should be as follows: While upholding the socialist road and planned economy, restructure those management systems, production setups, modes of operation, methods of distribution and circulation channels which are detrimental to production; bring the enthusiasm and initiative of the production and operational units and laborers into full play; boost commodity production; improve economic results; and accelerate the pace of economic growth so that the peasants will become prosperous as soon as possible. The concrete methods of restructuring mainly involve the following eight aspects:

1. Change the Practice of "Everybody Eating From the Same Big Pot" Into the Implementation of the Overall Economic Responsibility System

Rural economic restructuring of the three counties was started with the implementation of the economic responsibility system. In 1979, the Jinyu commune of Guanghan County was the first to introduce the responsibility system of fixing output quotas for each group and adopted the method of linking remuneration with output. In 1979, some communes and their subdivisions of Xindu County created the responsibility system of "four specialities and one contract" (that is, the system of fixing output quotas for contract production by specialized teams, specialized groups, specialized peasant households or specialized individual workers by linking remuneration with output) in the diversified economy and in their industry and sideline production. At present, of the 8,620 production teams throughout the three counties, over 95 percent of the teams have separately adopted, in their large field production, different forms of the responsibility system. These include such systems as specialized contracting, fixing output quotas for each group, assigning production targets to each laborer, unified measures for paddy cultivation and individual responsibilities in dry land cultivation, fixing output quotas for individual house-



holds and assigning full responsibility for task completion. The responsibility system of "four specialities and one contract" is largely carried out in the diversified economy, industry and sideline occupations. In the service of agrotechnology, multifarious forms of agricultural technical responsibility system have been implemented in a relatively universal way. In regard to the county-run industrial enterprises, on the basis of overall business accounting, they carry out various kinds of contracting out the requirement to fulfill part of the profits that ought to be handed over to the state, methods they mainly learned from the experience of Qingyuan County of Guangdong Province. In the inner departments of enterprises, various forms of the economic responsibility of "quotas fixing, contracts and rewards" have been introduced and as a result, the overall fulfillment of the various economic and technical targets and the improvement of the economic effect were closely integrated with the economic interests of the individual staff and workers. While upholding the implementation of the policies of the party and the country and raising the level of service quality, some experimental units of commercial enterprises have begun to trial implement the management responsibility system. Along with this, various organizations, departments and units have practiced the responsibility system of contracting the tasks at each level and the cadre job responsibility system. A method of rewards for overfulfilling the production tasks and penalties for failing to fulfill the fixed quotas in the light of the production tasks fulfilled and profits produced under their jurisdiction and duties, has been practiced among the cadres ranging from the deputy secretaries of the CCP county committees and deputy county heads who are in charge of the economic work to ordinary cadres. After fulfilling their contract tasks, the industrial, commercial and other units practice the method of proportionate sharing of the part that is in excess of the fixed quotas. The retained part is used mainly in expanding reproduction, and some of it is used for the collective welfare and bonuses of the staff and workers. A method has been introduced among the county cadres and the cadres of the communes and their subdivisions. The cadres are assigned full responsibility for the completion of the tasks of large rural areas, of a commune or of a brigade or a team. This method stipulates that a reward of 1 to 5 percent of the amount of their wages or their remuneration in workpoint, will be given for each 1 percent they overfulfill their contracted tasks by, but the amount of bonuses gained for over fulfilling the fixed targets must not exceed 40 percent of their annual basic wages (in Guanghan there is no such a ceiling). A reduction of 1 to 3 percent in their wages will be made for those who fail to fulfill the tasks they are contracted.

In the various above-mentioned responsibility systems, which are all-encompassing and are integrated horizontally and vertically, giving rewards to or penalizing each cadre, staff member or worker not only depends on the quality of the fulfillment of his own job but first depends on the quality of the fulfillment of the various tasks which the enterprise or unit where he works has been contracted by the higher authorities. In this way it is conducive to arousing the enthusiasm of the individuals and the enthusiasm of every production and operational unit and every worker for showing concern for the collective.

## 2. Change the System of Integrating Government Administration and Commune Management Into the System of Separating Government Administration From Enterprise Management

The present system of "integrating government administration and commune management" in the rural people's commune merges the grassroots state power organs and the collective economic organizations of the peasants. This system has for many years been proved by practice to have more disadvantages than advantages. Owing to the failure to separate the functions of the party from those of the government and the functions of the government from those of the enterprises, this system frequently encourages commandism and harmful directives; is harmful to the safeguarding of the decision-making power of the various production and operational units and particularly that of the production teams; is not suited to the needs of rural economic development at the present stage and is detrimental to the implementation of the various forms of responsibility system and thus detrimental to the acceleration of agricultural development. The "three-level ownership by the commune, the production brigade and the production team, with the production team as the basic accounting unit" which integrates government administration and commune management is related to the pattern of "the system of ownership by the production brigade and the production team advancing to the system of ownership by the commune and the system of collective ownership advancing to the system of ownership by the whole people." In the past, in order to strengthen the two-level economy of the commune and the production brigade, it was hard to avoid adopting some methods of indiscriminately transferring resources in an egalitarian manner, thus dampening the enthusiasm of the production teams and commune members. Therefore, since 1979, the three counties have trial restructured the commune management system and the commune and brigade-run enterprises. At present, the 86 communes of the three counties have all carried out restructuring in this respect.

The major method of restructuring to annul the former commune to establish the CCP township committees, township governments and township integrated companies combining agriculture, industry and commerce, to leave the former production teams or brigades to run their own businesses independently and make the party, the government and the enterprises relatively independent. Township integrated companies combining agriculture, industry and commerce are economic integrated organizations on the one hand and economic administrative organs on the other (in some townships there are three specialized companies concerned with agriculture, industry and commerce but there [are] no integrated companies). Under the leadership of the CCP township committees and the township governments, the companies are in charge of organizing and managing the daily economic agricultural, industrial and commercial activities of the whole township. The cadres of the integrated companies (including specialized companies and jointly run enterprises) are employed through a regular elections or through public personnel recruitment. The former production brigades were changed into villages and the CCP village committees were established, with the village heads and office clerks separately being in charge of the party's work and the administrative work of the whole village. A unified name for former production teams after they become independent collective economic organizations with initiative in their own hand and assume full responsibility for their own profits and losses, has not yet been decided. Guanghan County called the former production

teams agricultural production cooperatives but Xindu and Qionglai still called them production teams.

As for the question of the control over the former commune and brigade-run enterprises, apart from the enterprises which were run at a loss, they were all changed into enterprises jointly run by the production teams in accordance with the different source of their assets. The enterprises which have been put under the administration of the former departments of grain and edible oil and the No 2 light industrial bureau have adopted the method of retaining property rights and engaging in joint operation with the production teams through absorbing new shares or processing supplied materials and returning profits. The representative assembly of a jointly run enterprise which is collectively owned by the units and members which raised the shares, is the supreme power organ. After the payment of expenses, such as due loan repayments, the retaining of profits which will be used in expanding reproduction of enterprises and in collective welfare, and the deduction of tax payments, most of the profits of the jointly run enterprises will be returned to the production teams which participated in the joint operation. Thus, the production teams and commune members can get substantial benefits from running enterprises and they can thus concern themselves with the enterprises and really become the masters of the enterprises.

### 3. Change the Agricultural Single-Product Economy Into a Diversified Economy

While increasing the per area unit yield of grain and ensuring a steady increase in the total grain output, the three counties have simultaneously grasped agriculture, forestry, animal husbandry, sideline occupations, fishery, industry and commerce, vigorously developed a diversified economy and opened up new prospects for production so as to manage to grasp grain on the one hand and money on the other.

They first concentrated their main energy and time on raising the per area unit yield of grain to a certain level and thus laid a foundation for readjusting the agricultural production setup. Compared with 1976, the total 1979 grain output of Guanghan and Qionglai each increased by 120 million jin, an increase of 30 percent and that of Xindu increased by nearly 80 million jin, a 22.5 percent increase. This created preconditions for substantially developing a diversified economy.

Proceeding from their own natural resources and labor power and technological conditions, they have set up commune and brigade-run industries in such fields as the processing of agricultural and sideline products, wine-making, building, building materials and the silk industry and tannery one after another and commerce serves the communes and their subdivisions. The total output value of the restructured commune and brigade-run industries of the three counties was 228 million yuan, an increase of 360 percent over that in 1977. The amount of money involved in purchases and sales by commune and brigade-run commerce constitutes about one-quarter of the total amount of money involved in purchases and sales in the rural areas.

In the last few years, on the premise of a steady increase in grain output, the three counties have appropriately reduced the acreage sown with grain crops and expanded the acreage sown with industrial crops, such as rapeseed and tobacco. They have done this in ways suited to local conditions and returned the barren land on steep slopes which were unsuitable for agricultural cultivation to forestry.

#### 4. Change the Simple Agricultural Production and Operation Into the Overall Operation Combining Agriculture, Industry and Commerce

On the basis of comprehensively developing production and improving the commodity rate and in the light of their needs and capabilities, the various communes and their subdivisions enthusiastically carried out the overall operation combining agriculture, industry and commerce and furthermore. On the basis of developing overall operation of the communes and their subdivisions, they trial operated a batch of integrated enterprises combining agriculture, industry and commerce. There are two major forms in this respect:

One is a comprehensive integrated company combining agriculture, industry and commerce formed basically within the limits of a township or a village. For instance, Xiangyang Township of Guanghan County and Shibantan Township of Xindu County set up integrated companies combining agriculture, industry and commerce by taking the township as the unit and there were three specialized companies concerned with agriculture, industry and commerce under their jurisdiction. The agricultural company is in charge of the work of agricultural production and technical service; the industrial company is in charge of the commercial purchases and sales of the whole township and the fulfillment of tasks of the state's purchase, sale and allocation. In this type of integrated company, enterprises are units which are independent in business accounting. A company and a general company are administrative organs on the one hand and definite economic bodies on the other. This horizontally integrated form combining agriculture, industry and commerce is of great use at present in promoting rural economic development. Take Xiangyang Township of Guanghan County for example. In the 2 years between 1979 and 1980, the industrial company, through various forms, returned and gave subsidies of 240,000 yuan in cash, to agriculture from the profits it made. The commercial company returned profits of more than 40,000 yuan to agriculture. These two sums added together constituted an average of 22 yuan per person in the whole township. Part of the sum was used in buying agricultural machinery and in the construction of farmland water conservancy, thus effectively supporting and promoting agricultural production. At present, some production and operational units of some integrated enterprises of the townships or villages have broken down the barriers of different administrative divisions and participated in the transprovincial, transregional and transprofessional specialized integrated complexes of different economic sectors, thus taking a step further towards specialized integration.

The other is one which carries out the vertical integration of production, processing and marketing in a coordinated sequence. That is, it integrates the production, processing and marketing of one or many agricultural products and other products and carry out integrated operations combining agriculture,

industry and commerce. The profits created are distributed according to the products, labor power, land, funds and equipment provided by the participating units. Some integrated operations combining production, supply and marketing were set up within the limits of a township or a village. In some places integrated operational companies were established, on a countywide scale, in which the county, the commune and the brigade took part in accordance with the principle of division of labor according to specialization. This was done by integrating the three links of agriculture, industry and commerce or two links of the three and by breaking down the barriers of different administrative divisions, trades and systems of ownership, integrating them through the form of contracts. The specialized companies of Qionglai County, such as those engaged in tea, wine-making, paper-making, forestry, industry and commerce fall into this category. (See the article "marked achievements made by Qionglai County in trial running integrated companies combining agriculture, industry and commerce")

#### 5. Guide Some Agricultural Production Links and Service Items Toward Specialization and Socialization and Toward Becoming Enterprises

Specialization means setting up specialized service companies which are responsible for some important links in agricultural production and some other items which serve agriculture, such as seed, plant protection, agrotechnology, agricultural machinery, compound fodder and accounting and rendering specialized service. This is in order that these companies can become relatively independent production and operational units. Socialization refers to these specialized companies carrying out cooperation and comprehensive service on a large scale by breaking down the barriers of different administrative divisions and the ownership systems. Making some agricultural production links and service items become enterprises means that the units which participate in various types of cooperation and comprehensive service all carry out the system of independent business accounting and assume full responsibility for their own profits and losses. They do not carry out the practice of everyone eating "from the same big pot" and do not indulge in equalitarianism and indiscriminate requisition. These different units as well as the operational departments and production units were combined through various economic contracts. Responsibility for paying the operating costs of the specialized companies including the wages and remuneration of the cadres and technical personnel is gradually being taken over by the companies themselves. (See the article in this issue "Xindu County Carries Out the 'Three Modernizations' in Agricultural Service Work"]

#### 6. Set up a Rural Commercial System with the Supply and Marketing Cooperatives as the Principal Channel, a System which will Gradually Become Diversified in Composition, Many-Channelled and with Fewer Levels of Management

In order to meet the needs of rural economic development, the three counties have gradually formed, at the township level, a many-channelled circulation system with the supply and marketing cooperatives as the principal channel, a system in which diversified economic sectors coexist. Marked changes have taken place in the ratio of the various circulation channels to the total amount of purchases and sales. According to statistics, between January and September 1981, the four experimental townships of Xiangyang Township in

Guanghan County, Shibantan Township in Xindu County and Sangyuan Township and Nanbao Township in Qionglai County, state-owned commerce, such as grain supply centers and provisions shops, the supply and marketing cooperatives and the cooperative shops under its jurisdiction constituted 73 percent of all commerce. The commune and brigade-run enterprises and the integrated supply and marketing companies and trading warehouses under their jurisdiction accounted for 24 percent and collectively and individually-run commerce, which was recently organized by the population of the small cities and towns accounted for 1 percent. In addition, sales at agricultural trade fairs constituted 15 percent of total sales.

In order to better coordinate the supply and marketing cooperatives and the supply and marketing companies and trading warehouses which are jointly run by the communes and their subdivisions, to develop local production and to meet the needs of and provide service to the people, the three counties have carried out experimental work in restructuring the rural commercial system. They each had individual methods with their own characteristics: Most of the townships of Guanghan County gave priority to the supply and marketing cooperatives and merged the supply and marketing cooperatives and the managerial departments of the commune and brigade-run enterprises into commercial companies, thus becoming "one organization with two functions." Apart from the supply and marketing cooperatives, Shibantan Township of Xindu County set up township commercial companies which separately carried out their own business activities independently and, on the basis of voluntary participation and mutual benefit, subjected certain agricultural and sideline products to joint operation and practiced profit sharing. Sangyuan Township of Qionglai County changed the supply and marketing cooperatives into integrated commercial companies with diversified economic sectors through the expansion of shares and reform of the system of ownership. Regardless of which form, the reforms have enabled the supply and marketing cooperatives to enhance the mass character in the organization, to heighten democratization in matters of management and flexibility in matters of operation, and enabled the supply and marketing cooperatives to play a greater role in organizing rural economic life.

#### 7. Practice a Contract Method in the Financial Sector and in the Purchase of Grain and Major Agricultural and Sideline Products

To grant the counties a certain amount of decision-making power in arranging and developing the economy with the prerequisite of fulfilling the state plans, the province trial implemented the policies of contracting the financial matters, and the purchase of grain and major agricultural and sideline products in the three counties.

In taking responsibility for one's own finances, because conditions in the three counties varied, the province adopted three individual experimental methods: In Guanghan County, it practiced a method of appropriately apportioning the adjustable income (revenues from industrial and commercial taxes) and fixed income (agricultural tax, income tax, enterprise profits and other revenues) in a separate and proportionate way. In Qionglai County, it practiced a method of appropriately apportioning the adjustable income in a proportionate way and leaving all fixed income to the county. The normal expenses of these two counties, the limits of which were noted in the contracts were

paid from the financial revenue which was left to the county. In Xindu County, it practiced a method of counter-balancing revenue and expenditure, ensuring the fulfillment of state fixed quotas and sharing that part in excess of the fixed targets.

In grain contracting, the province assigned the tasks of state grain purchase (marketing of grain has not yet been included) under a contract. In Xindu and Qionglai counties, it practiced a method of handing over the net balance between purchase and sale to the state.

In the purchase of the major agricultural and sideline products, the three counties, in the light of the spirit of the (1981) No 3 document of the CCP Central Committee and the (1981) No 26 document of the CCP provincial committee, worked out the contract bases or the ratio of purchase and retention according to varieties and signed contracts, with the counties, communes and their subdivisions to ensure the fulfillment of the tasks of state purchase. Some of the products outside the bases will still be purchased by the state, some will be partially and proportionately purchased by the state, and some will wholly be left for the communes, their subdivisions and the peasants for their own disposal.

The above-mentioned contract methods will not be changed for several years once they are fixed.

#### 8. Begin Restructuring the County Management System in Order to Meet the Needs of Rural Economic Restructuring

The above-mentioned reforms have impelled the three counties to accordingly restructure the leadership system at the county level as the superstructure. Otherwise, it would be difficult to consolidate and develop the initial results gained in the rural economic restructuring. Beginning in 1980, in the light of the principle of separating the work of the party, the government and the economy, the three counties have carried out explorations in restructuring the management system at the county level. The common characteristics of their reform are that the CCP county committees must lead the economic work but must put an end to the previous organizational form and leadership method of monopolizing concrete economic matters and they must chiefly handle the principles and policies of the economic work, the macroeconomic decisions, plans for development and major measures of the whole county rather than directly command and manage the daily economic activities. The county governments must also lead the economic work and direct, regulate, supervise and interfere with, in terms of the macroeconomy, mainly through the economic functional departments, such as planning, finance taxation, banking, pricing, and industrial and commercial administration and management. It is necessary to establish, under the leadership of the county committee and the county government, a specialized organ which will lead and manage the economic work of the whole county in a unified way. The economic commission or the financial and economic commission of Guanghan and Xindu is composed of the leading cadres of the CCP county committees and the county governments who are in charge of the economic work and the responsible comrades of the departments of the national economy, such as agriculture, industry and communications as well as finance and trade. The

different point is that Guanghan still takes the multiple state departments, such as planning and finance as the functional organs of the county government and in Xindu the financial and economic commission manages the daily work of the finance and economy of the whole county in an overall manner. Qionglai County has divided the various economic departments at the county level into five companies concerning agriculture, industry, commerce, the diversified economy and agricultural enterprises. There is a county general company combining agriculture, industry and commerce above these companies. The multiple state departments, such as planning and finance are still regarded as the functional departments of the county government.

Over the last few years, the three counties have achieved the following marked economic effect through the eight above-mentioned reforms:

1. The pace of economic development is accelerating. Compared with 1977 when the reform had not yet been started, in 1981 the total industrial and agricultural output value of Guanghan, Qionglai and Xindu increased respectively by 75.6 percent, 117.3 percent and 84.3 percent, with the annual average growth rate being 14 percent, 20.6 percent and 16.5 percent respectively, thus substantially surpassing the average growth rate in the previous 21 years. The growth rate of some advanced experimental units of the communes and their subdivisions was more rapid. Take the Fenghuang and Heihu riverside integrated enterprises combining agriculture, industry and commerce of Qionglai County for example; last year's total average per capita output value was separately 3,077 yuan and 3,000 yuan, an increase of 1,150 percent and 2,020 percent over that in 1978 respectively.
2. Overall advances have been made in grain production and the diversified economy. In the past few years, despite appropriately reducing the acreage sown to grain crops, the total grain output of the three counties still increased to some extent. Compared with 1977, the 1981 increase in the total grain output of Guanghan, Qionglai and Xindu was respectively 7.26 percent, 15.7 percent and 2.8 percent. In addition, the diversified economy increased at a higher speed, of which the output value of industrial crops went up respectively by 197 percent, 196 percent and 30 percent; that of forestry, animal husbandry, sideline occupation and fishery rose separately by 240 percent, 218 percent and 60 percent; and that of the commune and brigade-run enterprises gained a respective increase of 273 percent, 933 percent and 336 percent. The proportion of the output value of the diversified economy in the total output value of agriculture, industry and sideline occupations of the three counties increased from about 50 percent in 1977 to over 70 percent in 1981. The proportion of labor power engaged in the diversified economy (including that in industry and commerce) in the total labor power has gone up from about 10 percent to around 30 percent.
3. Greater contributions have been made to the state, and there have been increases in collective accumulation and the income of the staff and workers as well as commune members. Compared with 1977, the 1981 financial revenue of Guanghan, Qionglai and Xindu registered a separate increase of 41.8 percent, 65.9 percent and 41.2 percent; the respective increase in the state tax revenue was 53.7 percent, 82.6 percent and 46.3 percent and that in grain



handed over and sold to the state, 20.8 percent, 19.6 percent and 28.4 percent. The accumulation of the rural collective economy of the three counties rose separately by 143 percent, 110 percent and 138 percent. The increase in the income of the commune members from collective distribution (excluding the income which they gained from the part in excess of the fixed quotas) of Guanghan was 117 yuan; that of Qionglai, 85 yuan and that of Xindu, 95 yuan. The average per capita income from distribution of the Fenchuang and Heihu riverside integrated enterprises of Qionglai County last year was at least 500 yuan or 400 to 500 percent higher than in 1978.

4. Improvements have been made in the material and cultural life of the masses. According to incomplete statistics, since 1978, more than 250,000 residential houses have been newly built or rebuilt by the rural commune members of the three counties covering a floor space of 290,000 square meters of living quarters for staff and workers and residential houses, and 150,000 square meters of cultural, educational and health facilities has been completed by using the funds of state financial allocation and the enterprises' retained profits. The 1981 supply volume of high-grade consumer goods, such as bicycles, sewing machines, radios and television sets was at least 300 percent higher than in 1977. The consumption volume of pork and eggs increased from an average of 15.5 jin per person and 2.5 jin per person in 1977 to 37 jin (55 jin in Guanghan) and 7.3 jin (11 jin in Guanghan) in 1981. Private savings deposits in rural areas increased by a big margin. The total savings deposits in the rural areas of the three counties increased from 3.63 million yuan in 1977 to 27.09 million yuan in 1981, an increase of 645 percent.

5. The administrative organizations have been streamlined, the levels have been reduced and work efficiency has been raised. During the last few years, more than 500 administrative cadres of the three counties have been transferred to work in the enterprises as cadres and over 300 of them have received their payment directly from the enterprises. After the system of the rural people's communes was reformed, the grassroots party and government work and the economic work were significantly strengthened rather than weakened. In the past the commune cadres adopted a "package" method of undertaking all the work of the brigades and teams and they "grasped everything when outdoors, and divided them up again when they returned." Every cadre immersed himself in pressing people to plant and to harvest, with the result that the work of political power was thrown into passivity, and there was no one specific to pay close attention to ideological and political work and party building. At present, since division of work between the party, the government and the enterprises has been clearly defined, the cadres at various levels of the townships, villages and production teams (agricultural producers' cooperatives) already have specific duties and specific responsibilities. Furthermore, rewards or disciplinary measures are linked to the quality of the work done. This has aroused their enthusiasm, improved their work style and thus resulted in the relations between cadres and the masses becoming closer.

Rural economic reform is a new subject. The work of the three counties still awaits further perfection through practice. The comrades of the three counties are resolved to continue to uphold the spirit of seeking truth from facts and

being bold in conducting explorations, to satisfactorily implement a series of principles and policies, such as giving priority to the planned economy with the regulation by market mechanism as a supplement and to do a good job in the various tasks of building material civilization and spiritual civilization so as to ensure the healthy advance of the economic activities of the counties and communes along the socialist course.

CSO: 4006/462

## NATIONAL POLICY AND ISSUES

### STATE COUNCIL LAND REQUISITION REGULATIONS

OW212218 Beijing XINHUA Domestic Service in Chinese 0009 GMT 21 May 82

[Text] Beijing, 21 May (XINHUA)--On 14 May, the State Council promulgated for enforcement the "regulations concerning land requisition by the state for capital construction" which was approved in principle by the 23d session of the 5th NPC standing committee on 4 May. The full text of the "regulations concerning land requisition for state construction" [Guo Jia Jian She Zheng Yong Tu Di Tiao Li 0948 1367 1696 6080 1767 3938 0960 0966 2742 0173] follows:

#### Regulations Concerning Land Requisition by the State for Capital Construction

Article I: These regulations are formulated for the purpose of making rational use of land resources, ensuring the requisition of land by the state for capital construction and making proper arrangements for the production and livelihood of masses of units whose land has been requisitioned.

Article II: When the state needs to requisition land for economic, cultural or national defense constructions or for public projects or facilities, the regulations contained herein must be complied with. All direct or covert buying and leasing of land from rural communes and brigades by any unit are forbidden. Rural communes and brigades also prohibited from exchanging land for the enterprises' stocks for the purpose of gaining participation in the latter's management.

Article III: Practicing thrift in the use of land is our national policy. All construction projects must be economical and rational in the use of land. They should not be built on farmland when barren lands are available or constructed on good land when poor lands are available. Construction projects should never be built on vegetable fields, garden plots, high-yield fish ponds or any other places yielding high economic results. The various localities--particularly big city suburbs and densely populated areas--should comply with local plans for land utilization and impose strict controls on land plots for construction purposes. Construction projects within the limits of city planning should meet the requirements of urban planning with a view toward rebuilding the old city and minimizing the use of new land.

Article IV: When state land requisitions conform to the regulations stated herein, cadres and the masses of communes or brigades whose land is requisitioned should submit their wishes to the state's needs and try not to prevent or obstruct the state from obtaining their land.

Article V: Requisitioned lands are owned by the state. Only the units who are authorized to use these lands have the right to use them.

Article VI: The use of land for construction projects must meet the requirements of state laws and regulations concerning land management, environmental protection and water and soil conservation in order to prevent soil erosion, the exhaustion of water sources, mud rock flows, salinization of soil, floods, waterlogging and environmental pollution. For damages caused to requisitioned lands, units with the authorization to use them should repair them or pay the cost for repairs and compensate the victims for their losses. The demand for repair, repair cost or compensation will be agreed upon through negotiations between the unit authorized to use them and the victimized unit under the supervision of local county or municipal land management agencies. If no agreement is reached, the matter will be decided by the county or municipal people's government. If the county or municipal people's government fails to reach a decision, the matter will be reported to the next higher government for decision. Land that cannot be rehabilitated for farming will be regarded as requisitioned land, and the people's governments at and above the county or municipal level can make the proper arrangements for its use in accordance with the authorities for examination and approval as mentioned in these regulations.

When there are water sources, irrigation ditches, conduits, pipelines, roads, electric cables and other such facilities that are closely related to industrial and agricultural production and the masses' livelihood in the land requisitioned, the unit authorized the use the land and construction units, under the sponsorship of the local people's government, should coordinate departments concerned in making the proper arrangements and must not cut off or destroy these facilities without proper authorization. If cutoffs or destructions have already taken place, the responsible unit should repair them or build corresponding facilities to replace them.

#### Article VI: Procedure for Land Requisition

1. Request for site selection: With the approved construction design, plan, letter of assignment or a related letter of certification from the organ at the higher level in charge of the affairs, the unit authorized to use the land should file an application with the land administration agency in the county or city where the requisitioned land is located. After the application is examined and approved by the county or municipal government, the unit may begin to select the site. If the use of this site will affect urban planning, it must be approved by the department in charge of urban planning.

2. Discuss the area of the requisitioned land and the plan for compensation and settlement: After the construction site has been selected, the land management agency in the county or city where the land is located should organize the unit authorized to use the land, the unit whose land is requisitioned and all units concerned to decide upon and estimate the area of the requisitioned land together with the plan for compensation and settlement and to sign an initial agreement.

3. After the area of the requisitioned land is determined and the initial design of the construction project is approved, the unit authorized to use the land should show the document approving the land requisition along with the general construction plan or map and formally report the total area needed for construction to the land management agency in the county or city where the land is located. After the people's government at and above the county or city level examines and endorses the report within its jurisdiction as specified by this regulation, the unit authorized to use the land and the unit whose land is requisitioned should sign an agreement under the supervision of the land management agency.

4. Land transfer: After the request for land requisition is approved, the land management agency in the county or city where the land is located should transfer the land at one time or by several stages according to the progress in construction work and ensure that the unit whose land is requisitioned hands over its land on schedule.

#### Article VIII: Authority in Examining and Approving Requests for Land Requisition

The requisition of over 1,000 mu of arable land or garden plots and more than 10,000 mu of other types of land must be approved by the State Council. The requisition of land in suburban areas of a municipality directly under the central government must be approved by the people's government of the municipality. The requisition of land in the suburban area of a city with a population of 500,000 and above should be screened by the people's government of the city where the land is located and referred to the provincial or autonomous regional people's government for approval. The requisition of more than 3 mu of arable land or garden plots, more than 10 mu of forest land or grassland and more than 20 mu of other types of land must be screened by the people's government of the county or city where the land is located and referred to the provincial and autonomous regional people's government for approval. The requisition of an amount of land below the aforementioned limits may be approved by the county or municipal people's government. The people's government of a province, autonomous region or municipality directly under the central government may act according to the actual local conditions to adequately enhance or curtail the power of the county or municipal people's government in examining and approving the number of applications for land requisition.

Land requisition for a single construction project must be requested and approved at one time only according to the general plan. It is impermissible to break the whole into parts. Land requisition for a project which is under construction stage by stage must be requested stage by stage. It is impermissible to requisition the land early and use it at a later date. Approval of the requisition of the land needed for the construction of trunk railways or highways may be requested and the procedure for land requisition be carried out sector by sector.

#### Article IX: Compensation Must Be Paid For Land Requisition by the Unit Authorized to Use the Land

The standards for computing the compensation fees are as follows:

1. Compensation fee for the land: The compensation fee for a plot of arable land (including garden plots) should be equal to 3-6 times the annual output value of that particular plot. The annual output value should be determined on the basis of the average annual output value during the 3 years prior to the land requisition and according to the prices specified by the state. The specific standards for determining the compensation should be worked out by the people's governments of various provinces, autonomous regions and municipalities directly under the central government within the aforementioned framework. The standards for determining compensation for the requisition of garden plots, fish ponds, ponds where lotus roots and reeds are grown, housing areas, forest land, animal husbandry farms and grassland should be determined by the people's governments of various provinces, autonomous regions and municipalities directly under the central government. No compensation fees will be paid for the requisition of land from which there is no income.

2. The standards for determining compensation for young crops as well as the houses, wells, trees and other installations on the requisitioned land should be worked out by the people's governments in various provinces, autonomous regions and municipalities directly under the central government. However, no compensation will be paid for any crops or trees planted and anything installed on a crash basis after the talks for land requisition have begun. As for the requisition of vegetable plots in suburban areas of cities, it is also necessary to pay money to the state according to the regulations concerned in order to contribute to the funds for the exploration and construction of new vegetable plots. Specific measures in this regard will be worked out separately.

Article X: In order to properly arrange for the production and people's livelihood of the units whose land is being requisitioned, the units requisitioning the land should, in addition to compensation fees, also pay the units whose land is being requisitioned a settlement allowance.

Standard of settlement allowance:

1. The settlement allowance for each person of the agricultural population on the requisitioned cultivated land (including vegetable fields) should be from 2-3 times the per-mu annual output value of the land. The number of people of the agricultural population receiving the allowance should be computed on the basis of the ratio between the number of people of the agricultural population living on the requisitioned units before the requisition (computed in accordance with agricultural households and excluding those households which move onto the units after consultations for the requisition are stated) and their cultivated land and the amount of the land requisitioned. The annual output value should be the average of the annual outputs and the state stipulated prices for the 3 years prior to the requisition. However, the maximum per-mu settlement allowance should not exceed 10 times the annual output value of the cultivated land being requisitioned.

2. The standard of the settlement allowance for the requisition of garden plots, fish ponds, lotus root ponds, forests, pastures and grasslands should be decided by the people's government of a province, autonomous region or municipality directly under the central government in light of the settlement allowance for cultivated land in general.

3. No compensation fees should be paid for the requisition of land to build houses.

In a few special cases where the aforementioned compensation fees and settlement allowance still cannot guarantee the people of the requisitioned units their former production and living standards, the settlement allowance can be appropriately increased after the cases are reviewed and approved by the people's government of a province, autonomous region or municipality directly under the central government. However, the total amount of compensation fees and settlement allowance should not exceed 20 times the requisitioned land's annual output value.

Article XI: Except for the compensation fees for the individuals who clearly own the property attached to the requisitioned land and for the young crops grown by the collective on the land, which should be included in the collective's income of the year and distributed among its members, all other compensation fees and settlement allowance paid by the units requisitioning the land should be used by the requisitioned units for developing production, arranging jobs for the surplus labor force resulting from the land requisition and subsidizing the livelihood of the unemployed; it should not be used for other purposes. Leading organs and other units concerned should not use these compensation fees or settlement allowance under any circumstances.

Article XII: County or municipal land administration offices should organize those units being requisitioned, the requisitioning units and other units concerned to assume their share of responsibility in arranging for the surplus agricultural labor force created by the land requisition. Major channels for making the arrangements include:

1. Develop agricultural production: It is necessary to ameliorate the soil, build water conservancy projects and improve farming methods. Within possible and reasonable limits and with the approval of county or municipal land administration offices, it is necessary to reclaim wasteland in order to increase the area of arable land. Units requisitioning the land may carry out construction engineering projects to help reclaim land and accordingly deduct the settlement allowance paid to the requisitioned units on the basis of the amount of land reclaimed.

2. Develop commune- and brigade-run industrial and sideline production: Under the conditions permitted by the relevant state regulations, it is necessary, in light of the actual situation in each locality, to set up industrial and subsidiary production enterprises and service trades which are beneficial to the national economy and people's livelihood.

3. Move or merge the production teams: The production teams whose lands are completely or basically requisitioned may move to other areas where conditions permit. They can also merge with production teams in the vicinity on the basis of the principles of voluntary participation and mutual benefit.

With the approval of the people's government of a province, autonomous region or municipality directly under the central government and within the limits

of the labor plan, the surplus labor force which cannot be handled by the above-mentioned channels can be assigned to work at collectively owned units if they meet the requirements. The settlement allowance for this surplus labor force should then be transferred to the units accepting them. If the units requisitioning land have worker recruitment quotas, they may recruit, with the consent of the people's government of a province, autonomous region or municipality directly under the central government, qualified workers from among the surplus labor force and deduct the settlement allowance for the requisitioned units accordingly.

After examination and approval by the people's government of a province, autonomous region or municipality directly under the central government, those production teams whose lands are completely requisitioned and who do not have the necessary conditions to move to other areas or merge with other production teams may change their former agricultural households into nonagricultural or urban households. The former collectively owned property and the compensation fees and settlement allowance received by the production teams should be handled by the people's government at and above the county or municipal levels in consultation with concerned communes and production brigades and used for organizing the production and subsidizing the livelihood of those who cannot find employment; it should not be divided up among individuals.

Article XIII: Grain ration quotas for the personnel of the requisitioned units who are assigned jobs with approval and for those who change from agricultural to nonagricultural or urban households and arrangements for those who cannot find employment should be handled by local labor, public security, food and civil affairs departments respectively.

Article XIV: Houses of the collective and commune members which are dismantled during land requisition should be rebuilt by the production teams or house owners under the unified arrangements of communes or production brigades.

Article XV: When a unit whose land is requisitioned uses the compensation fund and settlement allowance to build facilities for production and living, the commune, brigade or team to which the unit belongs shall arrange by itself the goods and materials needed for the construction, provided the commune, brigade or team is capable of doing so; otherwise, the local government shall help arrange the goods and materials. For the limited amount of goods and materials that are distributed by relevant state organs under unified plans, which cannot be arranged locally, the unit requisitioning the land shall, after the required amount of goods and materials is verified by the county or municipal land administrative office, apply to the relevant state organ along with the construction plan. These goods and materials shall be paid by the unit whose land is requisitioned.

Article XVI: Regulations governing the settlement of emigrants from the site of large- or middle-sized water conservancy projects or water and electricity projects shall be drawn up separately by state water conservancy and power departments in cooperation with state land administrative organs with reference to these regulations.



Article XVII: The unit whose land is requisitioned shall not make additional demands or present other conditions other than the compensation fund and settlement allowance provided for under these regulations.

Article XVIII: Construction materials storage areas, transportation routes and other temporary facilities necessary for the construction of the projects should be built within the requisitioned land areas as far as possible. If there is a true need for temporary use of additional land, the construction unit shall apply to the responsible organ that approved the original land requisition, specifying the area of land required and the period of its use. After the application is approved, the construction unit shall sign an agreement with the production team on the temporary use and shall make yearly compensation to the production team of an amount equal to the average amount of the output value produced on the land during the previous 3 years. No buildings of permanent nature shall be constructed on the land allocated for temporary use. When the term for the temporary use expires, the unit using the land shall restore the land to its original farming conditions and return it to the production team without delay, or pay the production team for the amount of labor required for the restoration.

The temporary use of land for erecting and laying lines or pipes above or under the ground, for constructing underground works or for conducting field survey by geological prospecting departments shall be handled in accordance with the above principle. Such temporary use may be approved by the county or municipal people's government if the period is less than 1 year.

In conducting the land survey to select the construction site for a project, the construction unit shall obtain the approval of the local county or municipal people's government. It shall make compensation for any damage resulting from the survey by taking into consideration of the actual circumstances.

Article IXX: In extraordinary circumstances, such as a natural disaster or a military emergency, when the temporary use of land is urgently needed, the land may be used with a notice to the local county or municipal people's government immediately afterward. In case the land is to be used indefinitely, the approval of the county or municipal people's government is required, and the land requisition procedures shall be carried out afterward in accordance with the prescribed provisions of these regulations.

Article XX: The construction unit should not destroy the young crops growing on the requisitioned land but should wait until their harvesting by the peasants if this does not hamper the normal construction work. The construction unit should sign an agreement with the production team allowing the peasants to grow crops on the requisitioned land if the land is not needed until after the next harvesting season.

Article XXI: If the land is continually not used 2 years after its requisition, the local county or municipal people's government has the right to take back the requisitioned land and report this to the organ approving requisition, unless the approving organ has agreed to the postponement of the use of the land. The land requisitioning unit shall not dispose of the unused land itself without authorization, nor shall other units or individuals occupy it. The requisitioned land, after it is taken back, may be disposed of in the following ways:

1. In accordance with the provisions of these regulations, it may be transferred, with remuneration, to other units that are qualified for requisitioning the land. The payment shall be the actual sum of compensation and settlement allowance paid, and the original land requisitioning unit shall dispose of this payment in accordance with relevant state regulations.

2. It may be lent to the production team for farming. The production team shall not construct any buildings or grow perennial crops on the land. It must immediately return the land to the state if the land is needed for construction purposes, and it shall not make additional compensation or settlement demands. If there are young crops growing on the land, the unit requisitioning the land shall compensate the production team by taking into consideration the circumstances.

The land retained in accordance with state regulations along the railway lines or retained to meet special safety and protection needs shall not be regarded as unused land.

Article XXII: With regard to the tombs on requisitioned land, the unit requisitioning the land shall report them to the local people's government, which shall put up a public notice asking owners of the tombs to move them to other places. The unit requisitioning the land shall pay for the expenses. Unclaimed tombs shall be moved or buried deeper by the unit requisitioning the land.

With regard to the cultural relics, historical sites or unclaimed goods or money found in the requisitioned land, the land requisitioning unit and the construction unit shall have the responsibility for their safekeeping and report this to the people's government at and above county or municipal level for disposal.

Article XXIII: With regard to projects that cover more than one county, the land requisition work shall be organized by the land administrative office of the province, autonomous region or municipality under the state council.

Article XXIV: The land administrative office of the people's government at various levels and the responsible department of the land requisitioning unit shall supervise and conduct timely checkup on the use of the requisitioned land and on the implementation of the settlement program.

Article XXV: Economic or disciplinary sanctions shall be imposed on violators of these regulations according to their individual cases, and their criminal liability, if any, shall be investigated.

1. Agreements of land requisition shall be null and void if the approval of such land requisition has been obtained through illegal and deceptive means or if those who have approved such land requisition have overstepped their authority to do so. In serious cases, those in charge of land requisition and those directly responsible shall be given disciplinary sanctions or may be fined at the same time.

2. Those who have seized collective land or who have failed to return the land for their temporary use after the time limit shall be ordered to return the land and to compensate for the economic losses incurred. In serious cases, those in charge of this work and those directly responsible shall be given disciplinary sanctions or may be fined at the same time.

3. Illegitimate gains from selling or leasing land, from selling or leasing land in disguised form or from illegal transfer of land shall be confiscated, and buildings erected on illegally seized land shall be confiscated or dismantled. In serious cases, those in charge of this work and those directly responsible shall be fined and given disciplinary sanctions.

4. When one of the interested parties persists in unreasonable demands and refuses to sign the land requisition agreement after the requisition of such land has been approved, this shall be adjudicated by the land administration office. When one of the parties fails to carry out the land requisition agreement which causes economic losses for the other party, he shall be ordered to compensate for the losses. In serious cases, those in charge of this work and those directly responsible shall be fined.

5. Those who misappropriate or embezzle compensation funds or settlement allowances shall be ordered to pay back. In serious cases, those in charge of this work and those directly responsible shall be given disciplinary sanctions or may be fined at the same time. Worker-recruiting and domicile-changing quotas [Zhao Gong Zhuan Hu Zhi Biao 2156 1562 6567 2073 2172 2871] illegally taken over by others shall be null and void. In serious cases, those in charge of this work and those directly responsible shall be given disciplinary sanctions or may be fined at the same time.

The land administration office shall submit its opinions on the above disciplinary sanctions to the people's government at or above the county level for approval, and the unit to which the sanctioned belong or the competent authorities at a higher level shall be instructed to decide on and carry out the disciplinary sanctions. Economic sanctions shall be determined by the land administration office and shall be carried out by it within a set time. If the interested party refuses to accept the sanctions, he may bring an action at the people's court within the set time. When the interested party does not bring a legal action within the set time and fails to fulfill the sanctions, the land administration office shall submit the case to the people's court for compulsory enforcement in accordance with the law of civil procedure.

In the course of land requisition, those who incite the masses to make trouble and obstruct construction by the state, who embezzle state or collective property, who give or accept bribes, who extort money from others or who commit other illegal and criminal acts shall be investigated for criminal liability by judicial organs in accordance with the law. Those whose cases are minor ones and whose acts do not constitute a crime shall be punished for their offenses against public order or shall be given economic or disciplinary sanctions.

Article XXVI: The minimum fine for an individual is 30 yuan in people's currency, and the maximum is no more than the individual's 6-month income.

Economic compensation by state-owned enterprises and institutions and by administrative organs should be paid from enterprise funds. The portion of retained profits or the surplus of their budgeted funds the surplus or deficit of which they are responsible for, and it should not be included in their production costs or investment in capital construction.

Article XXVII: Land requisition agreements reached in accordance with relevant state regulations before the promulgation of these regulations shall be carried out as they were originally agreed upon.

Article XXVIII: When a unit owned by the whole people and a rural commune or production brigade jointly invest in building a project and need to use land collectively owned by the rural commune or production brigade for this purpose, it shall be handled as state requisition of land for construction in accordance with the provision of these regulations.

Article XXIX: When a collectively owned unit in a city or town needs to use land collectively owned by a rural commune or production brigade for building a project or when one such unit and a rural commune or production brigade jointly invest in building a project and need to use such land for this purpose, it shall be handled in accordance with the provisions of these regulations.

Article XXX: When a rural people's commune or production brigade use its production team's land for construction, it should also compensate the production team for it and make proper arrangements for the peasants concerned. Concrete measures and the standards for settlement allowances shall be laid down by the people's government of a province, an autonomous region or a municipality directly under the central government in light of these regulations.

Article XXXI: When the state needs to use state-owned barren hills, undeveloped lands or beaches for construction and when other units need to use state-owned lands, they shall be allocated gratis in accordance with the procedures and the authority of examination and approval as stipulated in these regulations. When state-owned land which has been farmed by a commune or production brigade for a long time is taken back, adequate allowances should be given to the commune or production brigade according to specific conditions. The use of floodlands shall also be approved by the water conservancy, aquatic products and communications departments.

Article XXXII: The people's governments of all provinces, autonomous regions and municipalities directly under the central government may lay down implementation measures in accordance with these regulations and their local specific conditions.

Article XXXIII: These regulations go into effect from the date of their promulgation, and the "regulations concerning land requisition for state construction" promulgated by the state council on 6 January 1958 are forthwith repealed.

CSO: 4006/463

## NATIONAL POLICY AND ISSUES

### 'XINHUA' COMMENTS ON LAND REQUISITION REGULATIONS

OW220936 Beijing XINHUA Domestic Service in Chinese 0128 GMT 21 May 82

[Text] Beijing, 21 May (XINHUA)--Article by XINHUA commentator: "Seriously Implement the Important Statutes of Land Requisition for State Construction."

After being approved in principle by the 23d meeting of the 5th NPC standing committee, the "regulations concerning land requisition for state construction" have been promulgated by the State Council and come into force. This is an important matter guaranteeing the rational utilization of land and promoting socialist construction.

Ours is a socialist country. Land belongs to the state and collective. A unit or individual cannot seize, buy, sell or lease land. The state can requisition land in accordance with laws and regulations to meet public interests and needs. It is precisely based on this fundamental principle that the "regulations concerning land requisition for state construction" were formulated for correctly handling various questions dealing with state requisition of land owned by collectives. The promulgation and coming into force of the "regulations" are of great significance for the smooth progress in the building of socialist modernization, implementation of the national policy on economically using land and the correct handling of relations between the state and the collective and the peasants.

The "regulations" stress and embody a number of important principles that all units and individuals must strictly observe.

1. It is necessary to use land, an indispensable factor for our production and livelihood, economically and rationally. Although China has vast territory, land suitable for farming is scarce in terms of existing technical and economic levels because of restrictions due to various natural conditions. Moreover, due to the large population, the area of per capita arable land is very much smaller than the world's per capita arable land. This fact tells us that we must cherish every square inch of land and regard economic use of land as our national policy. It is necessary to carefully calculate and strictly budget all construction engineering projects, use less land and try to use wasteland instead of cultivated land if possible. In particular we must try not to use land that yields high economic results in agricultural production. In requisitioning land, it is necessary to strictly follow the procedures and fulfill the

requirements for examination and approval. Local people's governments should be allowed to make arrangement for the land that has been requisitioned but has not been used.

2. It is necessary to protect the legitimate interests of the communes and production brigades and teams and peasants whose land is requisitioned. It is necessary to appropriately compensate the collective units whose requisitioned land yields income and make proper arrangements for the production and livelihood of the masses of the communes and production brigades and teams whose land is requisitioned. The "regulations" clearly stipulate the standard of land compensation fees and a settlement allowance for the masses. At the same time, the "regulations" take into consideration China's vast territory and the very different situations in various localities and allow wide margin for the standard of compensation fees and a settlement allowance, urging all provinces, autonomous regions and municipalities directly under the central government to set their specific standard in the light of the reality in each locality and within the limit of the "regulations" by leaving a smaller margin or no margin at all. All provinces, autonomous regions and municipalities directly under the central government may divided their locality into several areas and set different standards for different areas. In deciding the standard for land compensation fees and a settlement allowance, all provinces, autonomous regions and municipalities directly under the central government should consider the interests of the state, the collective and the individuals at the same time and should not only consider the interests of higher levels. It is necessary to seriously implement the standards once they are formulated. The units requisitioning land must pay the requisitioned units the required amount of funds and the latter should not ask for an extra amount. Land compensation fees and settlement allowances all belong to the communes and production brigades and teams whose land is requisitioned. Leading organs at various levels should not seize the funds.

Communes and production brigades and teams as well as peasants are obliged to actively support the state in taking over their land for construction according to law. The requisition of land, especially farmland, obviously will bring relatively big changes and certain difficulties to some communes, production brigades or teams and peasants. However, this is done in the overall and long-term interests of the people. This calls for the communes, production brigades and teams and peasants whose lands are requisitioned to proceed from the overall situation of socialist construction, to try in every possible way to surmount difficulties and to take practical action in insuring the smooth development of various state construction undertakings.

A small number of people only stress economizing on the use of land and generally oppose the requisition of land for state construction or advocate greatly increasing the cost for requisitioned land in order to restrict nonagricultural departments from seizing and using land. This view is incorrect. It is necessary to carry out construction on a proper scale in order to develop production, to improve the people's material and cultural life and to realize the four socialist modernizations. This is the reality before us. Therefore, we should persistently implement the principle of economizing on use of land and at the same time insure that the state has land necessary for construction. If the

cost for requisitioned land is inappropriately raised, it will be impossible for the state to spend its limited construction funds where they are needed most and it will also make people give up their land lightly. Some other people try to make peasants better off by raising the cost for requisitioned land. This practice is also incorrect.

4. It is necessary to effectively strengthen land administration. The "regulations" stipulate that the land administration offices under the people's governments at all levels are the offices in charge of land requisition. Where land administration offices are not yet set up, offices should be assigned to assume overall responsibility for land requisition. Under the leadership of people's governments, land administration offices should take charge of land requisition. They should not only be responsible for examining and approving requests for land requisition but also organize the departments concerned to do a good job in settling peasants and supervise the use of lands and the implementation of agreements on land requisition. Land administration offices at all levels should effectively perform their duties and do a good job in land requisition. All units concerned should support the land administration offices in exercising their functions and powers according to law.

5. It is necessary to strengthen the legal system. Illegalities in land requisition must be severely dealt with, and the "regulations" provide for explicit penalties for these. In the spirit that the law is observed, its enforcement is strict and lawbreakers are dealt with, we must investigate all illegal acts in order to protect the legitimate interests of the state, the collective and the individual and to insure the smooth development of socialist construction.

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## NATIONAL POLICY AND ISSUES

### LIAOWANG DISCUSSES LAND USE IN URBAN AREAS

HK220158 Beijing CHINA DAILY in English 22 May 82 p 4

[From Liaowang]

[Text] As arable land in China is valuable, urban land use should be as well-planned as possible. This is advantageous to the development of both cities and villages.

In order to do this, it is necessary to conduct some research. The following data can serve as a reference:

Two hundred administrative regions, which include cities and counties affiliated to a municipality, occupy an area of some 550,000 square kilometres.

The area of urban districts is estimated at 1.26 million hectares.

A recent survey of 55 cities shows that there are 85 square metres per capita in metropolitan areas and large cities. In medium-sized cities it is 97 square metres and in small cities 100. The bigger the city, the less the amount of land per capita.

In every city, too much land is for manufacturing but too little for housing, public utilities or transportation. The cities surveyed used 63 percent of their land for manufacturing and 37 percent for housing, utilities and transportation. Ideally, each should occupy 50 percent.

Too little land is used for roads and squares, with little more than 5 square metres per capita. The per capita share of public green is even lower at 2.5 square metres. These fall short of the projected 6 to 10 square metres for roads and squares and 3 to 5 square metres for greens designated for urban areas. There are 41 cities, three fourths of the total surveyed, in which the public green is less than 3 square metres per capita.

The lack of planning in urban land use is serious. For instance, much land is used for building private yards and compounds. A factory with a staff of less than 1,000 in a city in Hebei Province occupies more than 53 hectares, much of which is not in use.

Often, land use violates city ordinances. Buildings sometimes jut out into roads, green belts and public places, many have been jammed together without fire prevention facilities or minimum sunshine. Most newly-built factories which combine industry and agriculture occupy too much of land.



## NATIONAL POLICY AND ISSUES

### LIAOWANG DISCUSSES URBANIZATION OF CHINA

HK220200 Beijing CAHIN DAILY in English 22 May 82 p 4

[From Liaowang]

[Text] In China, the appearance of cities and towns, in an old sense, dates back 2,000 years. The first modern cities evolved from the trading ports opened up following the first opium war in 1840.

Since that time, cities have played an increasingly important role in China's society. As modernisation progresses, the development of cities should be the result of research and planning.

By the end of last year, China had 233 cities raised to a municipal level compared to only 157 in 1952. There were more than 3,200 towns and county seats and more than 50 thousand rural market centres. Their non-agricultural population totalled more than 134 million--an increase nearly 100 percent over the 70 million in 1953.

China now has 15 metropolitan cities with a population of more than a million each. Thirty big cities each have populations between 500,000 and 1 million, and there are 70 medium-sized cities of between 200,000 and 500,000 people. In 118 small cities, there are populations of less than 200,000.

#### Important Role

Cities have played a significant role in China's social and economic development. According to statistics, by the end of 1979, the gross industrial product of some 200 cities amounted to 74.1 percent of China's gross national product (GNP) in that year. Their heavy industry amounted to 73 percent of that in the country and their light industry 68 percent.

Their financial revenues in 1979 amounted to 55.4 percent of the country's. The number of students in these cities' institutions of higher learning constituted 79.5 percent of all college students in China. Therefore, cities already have become strategic strongholds for our social and economic development.

If a country wants to be modernized, its tendency to become urbanised is inevitable. Urbanisation is a process of transforming a rural population to an urban one. This is a trend of social progress.

## National Conditions

However, urbanisation should correspond to our national conditions. So, we have to build cities and towns that will be integrated with villages for their mutual benefit, because a top consideration should be whether the development of cities is advantageous to spur the development of agriculture.

Rational distribution of cities of large, medium and small sizes throughout the country to make their development coordinate with that of villages is a better way to urbanize this country.

But, there are also some experts who advocate control over the scale of large cities and a development of medium and small-sized cities, because they think this corresponds to our national conditions.

Research on the effects and functions of existing cities should be emphasized so we can make them become virtually the national and regional political, economic, scientific and cultural centres.

Because our national conditions are rather complicated, an unbalance in the social and economic development of different parts of the country will exist for a long time. Therefore, there not only should be a nationwide strategy for the development of cities, but also a regional strategy as well as planning for each city.

In formulating a city-development strategy, the demands of social and economic development as well as those of national defence should be taken into consideration.

A "city-development strategy" should be planned by people from all social communities including circles of economics, sociology and natural science.

CSO: 4020/133

## ECONOMIC PLANNING

### EXECUTION OF SICHUAN'S 1981 BUDGET, DRAFT OF 1982 BUDGET

Chengdu SICHUAN RIBAO in Chinese 5 Mar 82 pp 2, 3

[Report by Jiang Zeting [1203 3419 0080], Chief of Sichuan Provincial Finance Department, on 22 February 1982, at the Fourth Meeting of the Fifth Sichuan Provincial People's Congress: "Report on Execution of Sichuan's 1981 Budget and Draft of the 1982 Budget" (Excerpts)]

[Text] Resolution of the Fourth Meeting of the Fifth Sichuan Provincial People's Congress on Execution of Sichuan's 1981 Budget and Draft of the 1982 Budget (passed on 28 February 1982 at the Fourth Meeting of the Fifth People's Congress of Sichuan Province)

Based on the examination report of the budget committee, the Fourth Meeting of the Fifth Sichuan Provincial People's Congress approves the report of Jiang Zeting, chief of the provincial finance department, on the execution of Sichuan's 1981 budget and the draft of its 1982 budget.

The meeting finds that the fiscal work of our province in 1981 was remarkably successful in supporting flood fighting and disaster relief, promoting the economic readjustment and the development of various undertakings, organizing revenue, reducing expenses and sharing the difficulties of the state, but there are also problems of lack of strictness in supervision and management and slackness in fiscal and economic discipline which should be conscientiously rectified. The meeting authorizes the standing committee of the Provincial People's Congress to examine and approve the 1981 final accounting when it is formally completed.

The meeting finds that the report on the 1982 budget manifests the spirit of continuing the policy of readjusting the national economy and maintaining the balance of revenue and expenditure and that the arrangements of the various revenue and expenditure norms are proper and should be vigorously achieved.

The meeting appeals to the people of all races and all fronts throughout the province to unite as one under the leadership of the party and the government, enhance their revolutionary enthusiasm, develop production,

tap the potentials, practice strict economy, combat waste, tighten fiscal and economic discipline, increase the economic benefits, and struggle against the current fiscal difficulties of our province and for the gradual improvement of the fiscal situation!

Delegates:

Upon the request of the provincial people's government, I now report to the congress the execution of our 1981 budget and the draft of our 1982 budget for your scrutiny.

#### Execution of the 1981 Budget

In 1981, the people of all races in our province, under the leadership of the Party Central Committee, the State Council and the provincial party committee, conscientiously implemented the policy of further readjusting the economy and further stabilizing the political situation and made new progresses in productive construction and various undertakings. In the economy, in spite of the energy reduction, inadequate tasks for the heavy industry, and especially the severe difficulties caused by the catastrophic floods, grain output showed a slight gain over the previous year; the total agricultural output value rose 1.5 percent and the total industrial output value 2 percent over 1980; commercial purchasing and marketing both flourished, and urban and rural markets were active. The final fiscal accounting is being examined and compiled level by level according to the regulations. Now, based on the major revenue and expenditure figures telegraphed in by the various areas, I will report to the congress the execution of the 1981 budget.

As approved by the third meeting of the fifth provincial people's congress, the 1981 revenue budget was set at 3,500,000,000 yuan. In its execution, as a result of the reduction and exemption of farm taxes and the higher subsidies for the higher purchase price of cotton due to the catastrophic floods, the state reduced the revenue quota of our province by 54,440,000 yuan, thereby reducing our revenue budget to 3,445,560,000 yuan. The actual revenue of the year was 3,151,300,000 yuan, or 91.46 percent of the budget, a shortfall of 294,260,000 yuan. Among the revenue, receipts from industrial-commercial and salt taxes exceeded the quota. Enterprise receipts were relatively poor, mainly because of certain appropriate policy measures in answer to the need of economic readjustment, the loss of merchandise and materials of industrial and commercial enterprises due to water damage, the additional supply of grain, cotton and coal to the disaster areas, the additional purchase of grain at a higher price from areas of good harvest, and the larger import of cotton from outside the province and the corresponding increase in subsidy for the price differential and losses. The fact that the effort to reduce production cost and make up the deficits fell short of the original goal was also an important factor contributing to the shortfall of enterprise receipts.

The expenditure budget approved by the third meeting of the fifth people's congress was 2,252,090,000 yuan. With the additional special case and disaster relief appropriations from the state, the funds transferred from the final accounting of the previous year, and the extra disbursements of the various levels, it was finally readjusted and increased to 3,571,640,000 yuan. The actual expenditures of the year totaled 3,001,960,000 yuan, constituting 84.54 percent of the budget. The surplus of 552,040,000 will be transferred to the continuous special funds in 1982 according to the regulations. [as published]

According to the conditions of execution of the revenue and expenditure budget, due to the shortfall in revenue and the negligible net surplus from expenditures, it is estimated that there is a total deficit of 250,000,000 yuan, computed according to the current fiscal system, for the entire province. At present, as the final accounting has not been completed, there may be some inaccuracies in the receipt and expenditure figures reported above. It is suggested that, after the final accounting is completed and the discrepancies verified, methods of solution will be proposed for examination and approval by the standing committee of the provincial people's congress.

In the execution of the budget in the past year, with the joint effort of all areas, departments and units, we actively implemented the party and state principles, policies and measures on readjusting and stabilizing the economy and balancing the revenue and expenditures, rigorously pursued output increase and strict economy, and vigorously enhanced the revenue and reduced the expenditures, performing a large amount of work and making remarkable achievements.

1. Vigorously Supporting Flood Fighting and Disaster Relief. From June to September last year, our province encountered the onslaught of rainstorms and floods many times. The Party Central Committee and the State Council paid serious attention to the conditions of disaster and demonstrated a deep concern, and promptly arranged funds and materials in support of flood fighting and disaster relief. According to statistics, the special funds for flood fighting and disaster relief arranged by the state and the various local levels totaled more than 340,000,000 yuan. Due to the serious attention given by the party committees and governments of the various areas and the vigorous supervision and inspection, the results of the use of the funds and materials for disaster relief were good. While arranging the disbursements for disaster relief, a number of measures in fiscal and tax policies was adopted: For the more than 200,000 production teams which reaped a poor harvest due to disaster, agricultural taxes were either reduced or exempted according to the degree of disaster; for the collective enterprises of cities and towns which had difficulty paying taxes after resuming productive operation, industrial-commercial and income taxes were reduced or exempted; the finance department provided funds for the price differential subsidies of the additional grain, cotton and coal supplied by the commerce departments to the disaster areas; in regard to the property losses suffered by the industrial

and commercial enterprises, besides reimbursement by the insurance companies to the insured enterprises, the water damaged commodities and materials of others were charged to the profit. The above items reduced the fiscal revenue by more than 127,200,000 yuan. All the measures produced a positive influence on properly arranging the life of the people and helping the communes and brigades and the enterprises rapidly resume production and normal business in the disaster areas.

2. Actively Promoting Economic Readjustment. To further readjust the economy, while retrenching the investment in capital construction, we, in policies and funds, continued to support agriculture and light and textile industries and the development of energy sources. In supporting agriculture, we raised the purchase prices of soybean and flue-cured tobacco, increased the price subsidies of cotton and other farm products, promoted the readjustment of the internal structure of agriculture, and aided the development of diversification. To hasten the development of forestry, we gradually changed the situation of excessive lumbering and soil erosion and restored the ecological balance. Last year, we continuously raised the disbursement standard of the afforestation and renewal funds and set up a forestry development fund. In supporting light and textile industries, besides the investment for capital construction and the funds arranged by the state for tapping the potentials, innovation and remodeling, the provincial finance department also allocated to the Construction Bank 20,000,000 yuan for small technical loans. With the short-term equipment loans issued by the People's Bank on top thereof, the productive capacity of our light and textile industries was somewhat increased and the level of their technical equipment somewhat improved, enabling them to maintain a relatively high rate of development. Last year, the light and textile industrial output value grew 12.4 percent, and the taxes and profit turned over to the finance department were higher than the previous year. In developing energy sources, we arranged for special funds for the technical reform and safety measures of local coal mines, introduced coal price subsidies, and raised the disbursement standard of the developing and extending funds, producing a positive influence on improving the production conditions of the coal industry and promoting a larger output of energy.

3. Appropriately Increasing Funds for Culture and Education, Public Health and Scientific Undertakings; Gradually Improving the People's Living. While the total 1981 expenditures were 9.88 percent less than the previous year, the funds for culture and education, public health and scientific undertakings increased 7.32 percent, including a 7.76 percent increase for education, 33.3 percent increase for scientific undertakings and 6.68/as published/ increase for public health, meanwhile, according to state provisions, we are now in the process of readjusting the pay of middle and elementary school teachers and a part of the medical personnel and physical education workers. We arranged for jobs for 300,000 unemployed youths. Urban construction continued to develop. There were 5,540,000 square meters of new staff and workers' housing, and the living conditions were somewhat improved.

4. Cutting down Expenses and Sharing the Difficulties of the State. To balance income and expenses, the state took the measure of borrowing from local finance departments and issuing treasury certificates. Because of the loan to the central government, the various local expenses had to be cut down rather drastically. All areas and departments put the general interest first, reduced expenditures, practiced strict economy and vigorously enhanced the efficient use of funds, making contributions to balancing the revenue and expenditures of the state.

The result of the execution of the 1981 budget, as a whole, furthered productive construction, the development of various undertakings and the improvement of the people's living, but the revenue fell short of the original budgetary plan. Besides the influence of a number of objective factors, we have found, through work inspections, that the management of a fairly large number of enterprises is backward and their economic efficiency very poor, and that many economic norms are lower than the historical advanced level of our province as well as the national average. For local industries in 1981, the profit per 100 yuan output value was 17.49 percent lower than the relatively good level in history, the cost was 4.64 percent higher than comparable products, and the circulating funds tied up were 85.87 percent larger. Thus, the enterprises were unable to supply greater reserves to the state. While there were factors which were not comparable, the above numerical comparisons had much to do with the poor enterprise management. Meanwhile, due to the lax fiscal management, the phenomena of violating fiscal and economic discipline, intercepting state revenue, evading and failing to pay taxes, and indiscriminately issuing bonuses and subsidies on the part of some enterprise units were fairly serious. Such problems must be conscientiously solved by means of effective measures in our work hereafter.

#### Draft of the 1982 Budget

The year 1982 is the second year of the Sixth 5-year plan and a crucial one. We must continue to implement the policy of readjustment, restructuring, reorganization and upgrading and achieve a steady increase in industrial and agricultural production and national income. We must conscientiously study the ways and means of making, accumulating and using money, vigorously tap the potentials of all sides, and increase revenue by means of increasing production, reorganizing the enterprises, improving the economic efficiency and reinforcing fiscal management. We must develop the superior tradition of arduous struggle and building the country through diligence and thrift, spending less money, doing more work and doing it well. We must consolidate and stabilize the economic results and maintain the basic balance of revenue and expenditure and the basic stability of commodity price.

In accordance with this guiding ideology and the relevant computations of the economic norms, and after deducting the losses of the unprofitable enterprises and the various price subsidies, our 1982 revenue budget is set at 3,300,000,000 yuan, an increase of 4.72 percent over the actual 3,151,300,000 yuan of last year.

The range of increase of the 1982 revenue, set rather positively, is slightly higher than the rate of increase of industrial and agricultural production. Currently, there are many favorable conditions for achieving the goal. The rural situation is very good. On the basis of assuring the steady increase in grain output, the development of diversification is relatively rapid, favorable to the growth of light and textile industries using agricultural by-products for raw material. The further readjustment of the economic structure will gradually manifest its effect. The management level of our enterprises, in particular, is still relatively backward at present. In 1981, the unprofitable units among the local industries still constituted 28.8 percent of the total, showing a total loss of 150,000,000 yuan. Enterprise reorganization and tapping the potentials will greatly improve the economic benefits, turning loss into profit and increasing revenue. The development of industrial and agricultural production and the expansion of commercial purchasing and marketing, plus the tightening of fiscal and economic discipline and the earnest elimination of "escaping, risking, dripping and leaking," will increase the revenue. We believe that, by uniting as one and performing the work properly under the leadership of the party and the government, the tasks of our 1982 revenue budget will be completed and completed above norm.

For our 1982 budget expenditures, out of the 3,300,000,000 yuan revenue, besides the percentage to be turned over to the state according to regulations, the loan of 660,500,000 yuan to the state, and the 48,020,000 yuan out of local taxes reserved to the counties and cities for their own disposition, the amount available to the province for unified disposition is 2,591,480,000 yuan, an increase of 268,200,000 yuan, or 11.54 percent, over the 1981 budgetary base.

Though there is a certain increase in the 1982 expenditure plan, it is an increase under the condition of the drastic reduction of expenses and the relatively low base of last year. Meanwhile, according to state provisions, there are the wage adjustment of a part of the personnel of administrative units which have not introduced the bonus system, the required reserve fund, and mainly the wage adjustment of middle and elementary school teachers and a part of the medical and physical education personnel now underway. Therefore, the expenditure budget remains fairly stringent.

As the 1982 special case appropriations of the state have not been allocated, and as the extra funds of the various levels and the surpluses from the final accounting of last year still await sorting out and planning because the 1981 final accounting is in the course of compilation, this part of the expenditures will be gradually entered in the budget while in execution according to the regulations. Generally speaking, the contradiction between the supply and need of funds is fairly pronounced, and the problems in production and living calling for continued solution are many. Nevertheless, they can only be gradually solved on the basis of production development and revenue increase and within our financial capacity. Meanwhile, we must devote a vigorous effort on the ways to use



money, making overall plans and considering all factors, calculating carefully, distinguishing the essential and the nonessential, arranging rationally, and striving to raise the efficiency of the use of funds.

#### Striving for the Gradual Improvement of Our Financial Situation

The financial issue is an outstanding one in the economic work of our province. We must enhance our revolutionary spirit, go all out, work concretely, tap the potentials of all sides, increase the income and reduce the expenses, and strive for a higher revenue and lower expenses in the execution of our 1982 budget, in order to achieve the gradual improvement of our financial situation.

1. Vigorously Developing Production and Increasing Revenue. Economics is the foundation of finance. Only when production develops and social wealth grows will the financial resources of the state become plentiful. The increase of 1 percent in our local industrial output value will enhance our revenue by around 20,000,000 yuan. All areas and all departments must, by every possible means, complete the industrial and agricultural production plans for this year and lay the material foundation for the success of our revenue tasks. We must rely on policies and science to hasten the overall development of agriculture and, under the premise of assuring the steady increase in grain, actively develop diversification, vigorously promote all kinds of economic crops and agricultural side-products and native products, supply more raw material to light and textile industries and satisfy the need of the market. We must continue to vigorously develop the production of daily need consumer goods, improve their quality, lower the cost and increase the profit. Heavy industry must, by means of readjusting the service objectives and product structures, expand the range of service, prevent any further drop in the output value and in the taxes and profit turned over to the government this year, and strive for some growth. It must vigorously economize on energy and use it rationally, proceed with equipment renewal and technical reform according to plan and the order of importance, actively launch comprehensive utilization and fully develop its latent productive forces. The commercial enterprises must vigorously clear the channels of circulation, expand the purchasing and marketing of commodities, improve the quality of service, reduce the circulation expenses and increase the fiscal reserve. All industrial and commercial enterprises must carry out state plans and vigorously complete the various planned norms assigned by the state, while strengthening their market forecast, preventing repetitive construction, haphazard production and haphazard purchasing, and correcting the tendencies of some units to seek only the output value and profit and neglect the quality of goods and service. The fiscal and tax departments must firmly implement the general fiscal and economic policy of "developing the economy and guaranteeing supply," actively help the various branches open all avenues of production, vigorously increase output and revenue, and accumulate more construction funds.

2. Properly Reorganizing the Enterprises and Improving the Economic Benefits. The state has decided to spend 2 or 3 years, beginning this year, to comprehensively reorganize state industries according to plans and step by step, combining the areas and the individual points, by periods and by groups. It is an important measure to tap the potentials, improve the economic benefits and promote the basic improvement of the fiscal and economic conditions. We will first start with the key enterprises of high taxes and large profit and produce results in output and revenue increases. In enterprise reorganization, we must take reorganizing and perfecting the economic responsibility system as the key link, further clarify and implement the economic responsibilities of the enterprises to the state, closely integrate responsibility, authority and benefit, impel the enterprises to properly carry out overall planned management, quality management and business accounting, and reap overall economic benefits. In the distribution of the additional revenue, payment to the state must be first increased before the enterprises get their share for their reserve. The range of increase in the percentage of profit withheld by the enterprises must not exceed the range of increase of production or profit. We must tighten the fiscal and economic discipline, strengthen the fiscal accounting system, and reinforce the various items of basic work. We must learn and spread the advanced experience of Liaoning's Fushun city in strengthening business accounting and tapping the enterprise potentials and, in conjunction with effective ideological-political work, channel the enthusiasm of the enterprises and the staff and workers to the correct path of improving operation and management and enhancing the economic benefit. In the reorganization, we must also accompany enterprise reorganization with readjustment and reshuffling. Those enterprises whose products are in excess of the demand or of poor quality, whose consumption is high, which suffer protracted losses, or which are seriously pollutive must, according to individual conditions, be firmly shut down, suspended, merged or converted.

3. Strengthening Tax Collection and Steadily Reforming the Tax System. The quality of tax work is the key to the successful completion of the fiscal tasks of the entire province. We must strengthen the centralized and unified management of tax collection and uphold the solemnity of the tax law. All areas, departments and units must strictly act according to the tax policies and decrees of the state. They must not exceed the authority stipulated in the tax management system and arbitrarily reduce or exempt taxes, or issue written instructions conflicting with the tax law to the lower levels. We must further strengthen tax collection and management work, correctly implement the tax policy and reinforce the tax payment discipline. Acts of evasion and default must be handled earnestly according to the provisions in the tax law, even to the extent of investigating the criminal responsibilities. We must strengthen the tax structure and replenish the levying forces. To enhance the leverage effect of taxation in developing the economy and promote the national economic readjustment, we will, in accordance with the unified arrangements of the State Council, continue to resume certain taxes, initiate some new ones, actively and steadily launch reforms of the industrial and commercial tax

systems and make the necessary readjustments of the wide gaps of the profit levels among the areas, trades and enterprises.

4. Giving Attention to the Ways of Using Money and Improving the Results. To solve the fiscal problems, we must reduce expenses as well as broadening the sources of income. Saving money for more undertakings is just as important as increasing income. Under the current situation of financial difficulties and a fairly pronounced contradiction between the supply and demand of funds, we must give particularly serious attention to the ways of using money, properly achieve an overall balance, use our limited funds on the most urgent and most effective undertakings, vigorously improve the results, and strive to have little or no waste. All units spending money must calculate carefully, plan rationally, forecast and examine the results, firmly follow the principle of doing more work with less money and perform the work better. In capital construction, we must continue to pursue the method of changing allocations to loans and of being responsible for a task until completion with the investment, promote economy in the use of funds, shorten the construction cycle, and enhance the return of investments. The administrative units must continue to pursue and perfect the method of "being responsible for a task until completion within the budget." All qualified business units must practice enterprise management. In regard to funds in support of the communes and brigades, we must enlarge the range of compensatory revolving use, pursue the business contract system, and enhance the benefits. In regard to the various disaster relief special funds, we must continue to strengthen management, spend them on restoring production in the most urgently needed aspects, and concretely prevent diversion and waste. At present, we will not create new structures or add new establishments. We must continue to strictly control the purchasing power of social groups and reduce all nonproductive expenses. In short, we must establish a responsibility system on the use of money, make the use units responsible to the state, encourage and commend those which spend less and do more work, criticize those whose results are poor and punish those committing serious waste.

5. Strengthening Fiscal Supervision and Tightening Fiscal and Economic Discipline. Violating fiscal and economic discipline is a pronounced manifestation of the unhealthy trends in the economic realm today, not only causing serious losses to the state, affecting the balance of revenue and expenditure and disrupting the smooth progress of the national economic readjustment and restructuring, but also corroding man's mind and corrupting the social mores. Therefore, strengthening fiscal supervision, tightening fiscal and economic discipline, and firmly combating the unhealthy trends constitute a long-term and important task in the economic realm. The leading cadres of all levels must serve as models in observing discipline and obeying the law, actively support the fiscal and accounting personnel in implementing the fiscal and accounting systems, and perform their supervisory duties. In 1982, we must, in conjunction with enterprise reorganization, launch a mass examination of enterprise finances, strengthen and tighten fiscal and economic discipline and firmly curb the

wrong practice of crowding out, defaulting on and diverting the fiscal revenue of the state. We must strictly follow the relevant provisions of the State Council and the province, concretely control the total amount of bonuses, and forbid the practice of inventing pretexts to issue disguised and duplicate bonuses. The contract surpluses and organization income of all business and administrative units must be mainly spent on developing the business and improving the working conditions. The funds outside the budget must be sorted out and overhauled and the overall balance strengthened, so that the distribution and use of this part of the funds will conform to the demands of the macroscopic plan and the supplementary role of the budget funds will be enhanced. We must firmly implement the various economic laws and regulations and the fiscal and economic systems, so that all laws are obeyed, laws are strictly enforced, violations are investigated, and no mercy is given under the law. Cases of law violations and discipline disruptions must be earnestly handled, so that each case is accounted for. They must not be left unsettled with the admonition of "just this once." The responsible personnel concerned, especially the leading cadres, must be given critical education or economic punishment and disciplinary action wherever they are called for.

6. Strengthening Propaganda and Properly Handling the Treasury Certificates. The State Council has decided to continue to issue treasury certificates in 1982. Besides the popular and collective ownership units, they will also be issued to the urban and rural masses. It will not only raise a part of the social funds for state construction, but also stimulate the patriotic fervor of the people for the socialist construction and develop the social trend of arduous struggle and diligence and thrift. The state assigned our province 210,000,000 yuan of treasury certificates for 1982, which have already been allotted according to the actual conditions. The governments of all levels must concretely reinforce organizational leadership, conscientiously perform propaganda work and ensure the successful completion of the pledging and issuance work.

Delegates: The fiscal tasks for 1982 are formidable, but the favorable conditions for their completion are many. The 10 principles on economic construction in the future, decided by the fourth meeting of the Fifth National People's Congress, constitute the important guarantee for the steady and healthy development of the national economy. We believe that, if the people of all races in the province, under the leadership of the party and the government, start from the overall situation, enhance their concepts of the state, of planning and of policies, strive together, and struggle arduously, we will overcome the current temporary difficulties, improve the financial situation of our province year after year, and promote the steady and sustained development of our socialist construction cause.

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CSO: 4006/409

## ECONOMIC PLANNING

### 'NANFANG RIBAO' CARRIES 1981 GUANGDONG STATISTICS

HK201311 Guangzhou NANFANG RIBAO in Chinese 12 May 82, p 2

[Communique of the Guangdong Provincial Statistics Bureau on the results of the execution of the 1981 national economic plan of Guangdong Province (released on 6 May, 1982)]

[Text] In 1981, under the leadership of the party Central Committee and the State Council, people of the entire province further implemented thoroughly the policy of readjusting the national economy and continued to carry out the special guideline and flexible strategy and tactics for Guangdong Province designated by the central authorities. They have achieved outstanding results. Agricultural and industrial production in the province progressed at a rapid pace. The important proportionate relations of the national economy continued to be improved. Financial receipts and expenditures were balanced, and yielded a slight surplus. Foreign economic relations were fairly well developed. Construction of the special economic zones made a good start while the standard of living of PBFWTLE in the urban and rural areas was improved. The gross industrial and agricultural output value for the year, at 1980 prices, was 37.08 billion yuan, overfulfilling the plan by 5.3 percent and registering an increase of 9.9 percent over the preceding year. The national income of the province was estimated, at 1980 prices, at 24.7 billion yuan, an increase of 7.6 percent over the preceding year. But the major problems that still remained were that the economic effect of many departments and enterprises continued to be rather low, that energy supply was scarce, that the stringent conditions of communications and transportation in the railways and at ports remained unchanged, that the increase in the supply of consumer goods still lagged behind the rise in the social purchasing power, and that there was a rise in certain commodity prices.

Following is a resume of the results of the execution of the national economic plan by departments:

#### I. Agriculture

In 1981, although agriculture in our province suffered from various natural disasters, it still yielded a good harvest. This was because of the implementation of the various rural economic policies, the installation and improvement of various forms of the production responsibility system, the positive develop-

ment of diversified operations and the rise in the production enthusiasm of the peasants. The gross agricultural output value (including agriculture, forestry, animal husbandry, sideline production and fishery) was 12.03 billion yuan at 1980 prices. This overfulfilled the plan by 1 percent and was an increase of 5.5 percent over the preceding year. Of this, the output value of the agricultural crops was 6.86 billion yuan, a reduction of 2.2 percent. The output value of animal husbandry and fishery was 3.59 billion yuan, an increase of 15.2 percent, while that of sideline production was 1.58 billion yuan, an increase of 20.9 percent. Of the 8 major agricultural products, apart from grain which showed a drop in output, all the others, namely, sugarcane, yellow and red hemp, silkworm, peanuts, tea leaves and rubber, showed rather substantial increases over the preceding year. Simultaneously, the diversified operations of the communes and production brigades and the sideline production of the commune members' households all made rather rapid progress.

The following table shows the output value of the major agricultural products:

	1981	Growth in Percent in 1981 Over 1980
Grain	3,287 billion jin	- 8.5
Sugarcane	13,352 million tons	48.3
Peanuts	11,895 million dan	14.5
Yellow & Red Hemp	2,599 million dan	30.9
Tea leaves	272,000 dan	14.3
Silkworm	452,000 dan	4.4
4 major fruits (Litchis, Pineapples, Bananas and Oranges)		
	6,399 million dan	35.2
Rubber	103,000 tons	12.0

The total area afforested in the province during the year was 4.59 million mu, a decrease of 20 percent compared with the preceding year.

The output of fishery products was 706,000 tons. This overfulfilled the plan by 8.6 percent and was an increase of 2 percent over the preceding year. The output of fresh water products increased by 12.6 percent over the preceding year.

The output of tropical crops showed varying degrees of increases. Raw rubber increased by 12 percent, pepper, by 6.6 percent, citronella, by 92.3 percent, and coconuts, by 14.8 percent.

At the end of 1981, the province owned 20,000 large and medium-sized tractors. In addition, there were 140,000 hand-operated tractors, an increase of 14,000 over the preceding years, and motor-driven agricultural irrigation machines with an aggregate capacity of 2.32 million horsepower. Of the total cultivated

land, 27.9 percent was under mechanized farming. On the average, 18 kilograms of chemical fertilizer (of 100 percent efficiency) were applied on each mu of farmland, an increase of 0.7 kilograms over the preceding year. In the rural villages, 1.57 billion kwh of electric power were consumed, an increase of 19.5 percent over the preceding year.

At the end of 1981, there were 7,545 large, medium and small-scale reservoirs in the whole province. They held an aggregate capacity of 42.18 billion cubic meters of water.

## II. Industry

In 1981, the gross output value of industry, at 1980 prices, amounted to 25.05 billion yuan. This overfulfilled the plan by 6.9 percent and was an increase of 11.6 percent over the preceding year. Of the 113 major industrial products listed under the provincial plan, 94 products, or 83.2 percent fulfilled or overfulfilled the year's plan. The remaining 19 products, or 16.8 percent, which failed to fulfill the plan, included coal, salt, synthetic ammonia and timber.

In 1981, as a result of actively promoting the production of consumer goods for daily use and accelerating the development of the light and textile industries, the ratio between light and heavy industry was improved and light industry was able to continue to maintain a relatively high growth rate. The output value of light industry during the year amounted to 16.21 billion yuan, an increase of 17.8 percent over the preceding year. The ratio of the gross output value of light industry to the gross output value of industry as a whole rose from the 61.8 percent of the preceding year to 65.3 percent. Of the 44 major categories of light industry products listed under the plan, 35 fulfilled or overfulfilled the plan. The great majority of the high-grade consumer goods for daily use, including radios, tape recorders, television sets, sewing machines, bicycles and wristwatches, showed rather large increases in output.

The output value of the major light industry products is shown in the following table:

	Output in 1981	Percentage Increase in 1981 Over 1980
Cotton Yarn	52,344 tons	13.3
Cotton Cloth	267.99 million meters	3.6
Gunny Bags	34.83 million	25.3
Machine-made Paper and Paper Board	301,000 tons	-2.3
Silk	2,325 tons	-5.9
Sugar	1,115 million tons	34.7
Salt	609,000 tons	-27.0
Pharmaceuticals	1,206 tons	-4.2
Synthetic Detergents	16,088 tons	0.9
Bicycles	1,303 million	25.0

Sewing Machines	800,000	23.1
Wristwatches	1,056 million	19.1
Radios	1,945 million	57.1
Tape Recorders	519,000	308.7
Television Sets	221,000	143.5
Washing Machines for use in the Home	62,435	157.7
Cameras	36,400	71.7
Refrigerators for use in the Home	5,798	181.6
Electric Fans	2,934 million	112.8
Electric Lamp Bulbs	57.99 million	-10.8

In 1981, in order to further readjust the internal proportionate relationships of industry, the output volume of many products of heavy industry was reduced according to plan. The gross output value of heavy industry for the whole year was 8.84 billion yuan, an increase of 1.5 percent over the preceding year. The ratio of heavy industry output to the gross output value of industry dropped from 38.2 percent in the preceding year to 34.7 percent. Of the 69 major heavy industry products included in the plan, 34 fulfilled or overfulfilled the plan while 35 failed to do so. Compared with the preceding year, 36 products recorded an increase in production while 33 products recorded a decrease.

The output value of the major products of heavy industry is shown in the following table:

	1981 Output	Percentage Increase in 1981 Over 1980
Coal	7.235 million tons	-10.0
Crude Oil Processing	5.814 million tons	- 3.4
Electric Power Generation	12.24 billion kwh	8.1
Hydropower Component of Above	5.41 billion kwh	20.2
Steel	399,000 tons	- 1.0
Pig Iron	448,000 tons	- 0.4
Steel Products	469,000 tons	2.7
Timber	1.592 million cubic meters	-15.5
Cement	4.872 million tons	20.0
Plate Glass	414,000 standard cases	- 7.0
Sulfuric Acid	674,000 tons	3.1
Caustic Soda	69,693 tons	1.6
Chemical Fertilizer for Farm Use (100 Percent)	652,000 tons	6.0
Hand-Operated Tractors	21,148 units	101.1



As a result of readjusting the structure of industrial products, the energy consumption per 10,000 yuan worth of output value dropped by 8.9 percent compared with the preceding year. In 1981, the per capita labor productivity rate of workers in enterprises owned by the whole people amounted to 11,102 yuan, an increase of 6.8 percent over the preceding year. However, in general, the economic effect of industrial production was still very low. Of the 93 major quality targets, 34 declined, compared with the preceding year. Of the 64 targets for consumption of materials assessed by the province, 22 were at a higher level than the preceding year. In an examination of the per-unit consumption of materials of 53 comparable products, 41.5 percent of the targets for consumption of materials could not match the best in history. This applied to the consumption of electric power in the production of calcium carbide as well as in the production of cement and plate glass. The gross production cost of comparable products of the local state-operated enterprises owned by the whole people increased by 1.2 percent over the preceding year. Their profit remittances to the state dropped by 5.2 percent. In addition, about 32.7 percent of the enterprises sustained losses to varying degrees.

### III. Capital Construction

In 1981, as a result of large-scale increases in domestic loans and in investments made by the localities and the individual enterprises, plus the utilization of foreign capital and funds of overseas Chinese and Chinese compatriots, the total capital construction investments made by the province amounted to 3.18 billion yuan, an increase of 23.6 percent over the preceding year. Following readjustment, the investment included within the state budget dropped by 28.1 percent compared with the preceding year. The structure of the 1981 investments was further readjusted and as a result, of the total investments, the percentage of nonproductive investments rose from 34.9 percent in the preceding year to 43.5 percent. Investment in residential housing increased by 52.5 percent over the preceding year and constituted 26.5 percent of the gross investment volume compared with 21.5 percent in the preceding year. Increases were also made in the investment in the commercial network, communications and transportation, posts and telegraphs, education, culture, public health and municipal construction. The increases were: Commerce, 60 percent; communications and transportation, posts and telegraphs, 22.9 percent; education, culture and public health, 57.4 percent; and municipal construction, 60.5 percent. Investments in the light and textile industries increased by 61.6 percent over the preceding year. The percentage the investment in the industries constituted in the gross investment increased by 2.1 percent compared with the preceding year.

In 1981, the newly added fixed assets of the whole province amounted to 2.24 billion yuan, an increase of 22.8 percent over the preceding year. Due to the large-scale construction work undertaken, the completion rate of making the fixed assets available for use was 70.4 percent, a slight decrease compared with the preceding year.

In 1981, 1839 projects, each with an investment of 100,000 yuan or more were completed and put in operation. This was an increase of 267 projects over the preceding year. The new production capacity and the increased effect from

capital construction during the year were as follows: Newly installed generating capacity of electric power generating units, 255,000 kilowatts, of which 116,000 kilowatts were from hydropower units; power transmission lines of 110,000 volts or over, 348 kms; cement, 121,000 tons; machine-made paper and paper board, 8,140 tons; machine-processed sugar, 70,000 tons; cotton-yarn spindles, 68,000; chemical fertilizer (converted quantity), 6,500 tons; area of commercial network points, 159,000 square meters; construction sites of large and small school buildings, 589,000 square meters; places for students, 185,000; daily tap water supply, 97,000 tons; and hospital beds, 4,800.

The principal problem with regard to capital construction in 1981 was still its overextended front. Although in the state budget rather substantial reductions had already been made in capital construction investment, investments outside the state budget still exceeded the preceding year by 74.7 percent.

#### IV. Communications, Posts and Telegraphs

In 1981, the turnover volume of goods transported by the communications and transportation departments was 118.21 billion ton-kms. A decrease of 1.5 percent compared with the preceding year. Of this, the turnover volume of goods transported by the railways was 6.98 billion ton-kms, and the volume transported by water transport, 110.35 billion ton-kms, both showing a decrease of 1.6 percent compared with the preceding year. The volume carried by highway transport was 880 million ton-kms, a reduction of 6.9 percent compared with the preceding year. The total volume of goods handled by the major ports along the coast was 29.77 million tons, an increase of 4.4 percent over the preceding year.

In 1981, the aggregate turnover volume of passengers carried by the various kinds of transport was 13.02 billion passenger-kilometers, an increase of 11.4 percent over the preceding year. The turnover volume of passengers carried by the railways was 2.99 billion passenger-kms, an increase of 8.6 percent over the preceding year; by water transport, 1.85 billion passenger-kms, an increase of 6.1 percent over the preceding year; and by highway transport, 8.18 billion passenger-kms, an increase of 13.8 percent over the preceding year.

At present, communications and transport, particularly with regard to the transit capacity of the Guangdong section of the Beijing-Guangzhou railway, cannot meet the needs of the development of the national economy.

In 1981, the service receipts of the posts and telegraphs of the whole province amounted to 93,818 million yuan, an increase of 10 percent over the preceding year. Of this amount, receipts from the posts increased 4.3 percent, from the telegraphs, 9.7 percent, and from long-distance telephone calls, 13.7 percent.

#### V. Domestic Commerce

In 1981, the total volume of commodity purchases made by commercial units under the system of ownership by the whole people was 17.22 billion yuan, an increase of 16 percent over the preceding year. Of this volume, purchases of industrial goods amounted to 11.94 billion yuan, an increase of 16.8 percent; and purchases

of agricultural and sideline products amounted to 5 billion yuan, an increase of 12 percent. However, if the factor of the rise in the state purchase prices is taken into account, the actual increase was 3.7 percent. In the gross volume of purchases of agricultural and sideline products, the purchases made according to the state-listed prices dropped by 6.1 percent while those at negotiated prices increased by 46.7 percent. The majority of the purchases of major industrial and agricultural products showed increases over the preceding year. Of these, purchases of wristwatches, sewing machines, bicycles and television sets registered increases ranging from 30.3 percent to about 330 percent; purchases of edible oils increased by 29.1 percent. However, purchases of grain and pigs dropped.

In 1981, the retail sales of social commodities amounted to 17.61 billion yuan, an increase of 18.9 percent over the preceding year. The actual increase was only 8.8 percent if we deduct the factor of the price-rise of retail goods. Comparing the volumes of the retail sales of the major consumer goods with the preceding year, it was found that grain increased by 14.7 percent, edible oils increased by 30.8 percent, pork increased by 18 percent, sugar dropped by 4 percent, cotton cloth dropped by 2.4 percent, synthetic fibre cloth dropped by 41.1 percent, sewing machines increased by 17.3 percent, bicycles dropped by 0.5 percent, wristwatches increased by 5.1 percent; radios increased by 35 percent, tape-recorders increased by 154.7 percent, and television sets increased by 260 percent.

At the end of 1981, the aggregate volume of stocks of commodities held in the godowns by commercial units under the system of ownership by the whole people increased by 13.1 percent over the 1980 year-end.

Throughout 1981, the supply of commodities in the domestic markets maintained a sustained growth but the supply of consumer goods still lagged behind the increase in the social purchasing power. Supplies of some commodities with well-known brands and of major sideline products and food products were slightly strained but supplies of commodities at negotiated prices increased.

In 1981, the increased supply of commodities at negotiated prices and its expanded scope brought about a rapid rise in the commodity prices. As a result, in the province the general level of retail sales prices (including listed prices of state-operated enterprises, negotiated prices and country fair prices) increased by 9.3 percent over the preceding year. The prices of consumer goods increased by 9.5 percent while those of the means of production for agriculture increased by 4.8 percent.

Among the changes in the listed prices of consumer goods of state-operated enterprises, the price of clothing dropped by 0.6 percent; food prices increased by 4.1 percent (including the listed prices of state-operated enterprises, negotiated prices and country fair prices, the prices of subsidiary food products rose by 25.4 percent). The prices of goods for daily use increased by 3.1 percent, those of cultural and recreational goods rose by 0.6 percent, those of pharmaceutical products increased by 0.9 percent, and those of fuels, by 1.1 percent.

## VI. Foreign Economic Relations and Tourism

In 1981, foreign trade exports increased rather substantially. The gross value of exports from Guangdong ports amounted to 4.12 billion yuan. After taking price changes into account, the actual increase over the preceding year was 8.2 percent. Of this amount, the gross value of exports of goods originating from Guangdong Province was 3.9 billion yuan. This was an increase of 22.4 percent over the preceding year after taking price changes into account.

Of the export commodities (originating in this province), heavy industrial products showed an increase of 25.4 percent and constituted 22.8 percent in the preceding year. Export products of the light and textile industries increased by 20.4 percent over the preceding year, and constituted 34.7 percent of total exports compared with 34.4 percent in the preceding year. Exports of agricultural and sideline products increased by 15.7 percent over the preceding year and constituted 42.5 percent of total exports compared with 43.9 percent in the preceding year.

During the year, the province signed with foreign merchants 6,853 contracts of various sorts, encompassing projects such as processing and assembling work, medium-size and small compensation trade, cooperative production (operations) and joint-venture or solely-owned projects. This was an increase of 21.4 percent over the preceding year. The actual volume of foreign capital imported, when converted into renminbi, amounted to 580 million yuan, an increase of 150 percent over the preceding year. Of these, 6,563 contracts were signed for processing and assembling work and the foreign exchange earnings converted into renminbi amounted to some 210 million yuan (including compensation trade), an increase of 68.2 percent over the preceding year.

In 1981, in the province as a whole, units owned by the whole people had 151 projects, which were financed by using foreign funds, under construction. Projects completed during the year involved an investment of 230 million yuan. Equipment, tools and appliances which were brought in were valued at 39 million yuan.

During the year, construction of the special economic zones made a start and applicable results were attained. Work was in progress on implementing basic measures for the Shenzhen and Zhuhai special zones and on a number of construction projects financed by foreign capital there. Similarly, initial work was done in the Shantou special zone. This year the Shenzhen special zone signed over 400 contracts with foreign businessmen and utilized foreign capital equivalent to over 300 million yuan.

In 1981, some 7.18 million foreigners, overseas Chinese and Macau and Hong Kong compatriots visited the province via Guangdong ports for purposes of tourism, sight-seeing, visiting friends and relatives or engaging in trade, recreational educational or cultural interchange activities. This was an increase of 34.9 percent over the preceding year. The foreign exchange earnings from this source were equivalent to 160 million yuan, an increase of 88 percent over the preceding year. Throughout the province, a large number of districts, municipalities and counties have set up tourist bureaus or travel agencies for the development of tourism.

## VII. Science, Education and Culture

In 1981, the whole province, in the enterprise units owned by the whole people there were 283,000 personnel who had a knowledge of the natural sciences. The various academic fronts in the province granted awards to 132 projects with superior results in science and technology and to 65 projects with especially outstanding results. Of the latter, 5 projects were related to agriculture, 50 projects to industry, and 10 projects to medicine, pharmacy, and public health.

In 1981, the province had 31 institutions of higher learning, including the newly established Guangzhou foreign trade institute. Their total enrollment was 47,500 students, an increase of 3,500 students over the preceding year. In the intermediate vocational schools (including intermediate teachers' colleges), the students enrollment was 47,000. The ordinary middle schools had a total enrollment of 2,452 million students, a decrease of 370,000 students compared with the preceding year. The agricultural middle schools and professional middle schools had 20,000 students. There were 8,252 million students in the primary schools, a decrease of 135,000 compared with the preceding year. There were 550,000 children being educated in kindergartens. In addition, various units have organized different kinds of classes for the training of their cadres and staff and workers.

During the year, the cultural cause continued to flourish in the various sectors such as literature, drama, movie, singing, music, dancing and art. A batch of new works gushed forth. The Zhujiang film-producing plant released 8 feature films. In the province as a whole, 134 films (feature films) were distributed. In addition, 17 films were revived for screening. There were in the province a total of some 6,917 film projection teams, 190 drama troupes, 113 cultural halls, 103 public libraries, and 11 television transmission and relay stations, each with a capacity of over 1,000 volts. There were 800 million copies of newspapers circulated, while 44.03 million copies of magazines and 253 million copies of books were published.

Within the education sector, there still existed the problem of an irrational intermediate educational structure.

## VII. Public Health and Recreation

In 1981, there were 105,000 beds in the hospitals of the province. The number of specialized public health technicians was 176,000, an increase of 5.4 percent over the preceding year. Of these, 61,000 were doctors and 32,000 were nursing technicians and nurses.

In the whole province, public recreational activities flourished extensively. The standard of play in the various sports was generally raised. Throughout the year, in international and national competitions, six provincial athletes won world championships in four events. Altogether, 43 gold medals, 16 silver medals and 25 bronze medals were won in world and international competitions while 94 gold medals, 74 silver medals and 75 bronze medals were won in national championship games. In the world sports tournaments for middle school

students and the international youths' championship competitions, youngsters from our province won 8 gold medals. One athlete broke a world record, 4 athletes broke 1 Asian record, and 22 broke 20 national records. In the province, 1.12 million people passed the "national athletic standard" tests.

#### IX. People's Livelihood

In 1981, the standard of living of the urban and rural population was generally improved. Following the development of agricultural production, the raising of the state purchase prices of some of the agricultural and sideline products and the adoption of the system of paying additional prices on state purchases in excess of quotas, the incomes of the peasants and of the commune members were increased substantially. According to a sample survey covering 760 peasants' households in 24 counties of the province, the average annual per capita net production income (including income for labor services) was 290 yuan, an increase of 20.3 percent over the 241 yuan of the preceding year.

In 1981, the province found employment for 415,000 people, including youths and other people awaiting employment and graduates of universities, middle schools and vocational schools under the unified distribution system. At the end of the year, the total number of staff and workers in the province was 6.78 million, an increase of 330,000 people over the preceding year. This number comprised 5,061 million employees of enterprise units owned by the whole people, an increase of 280,000 people over the preceding year and 1,719 million employees of urban units under the system of ownership by the collectives, an increase of 50,000 people over the preceding year.

In 1981, the gross amount of the payroll of the staff and workers of the province was 5.56 billion yuan, an increase of 710 million yuan over the preceding year, or an increase of 14.7 percent. Of this gross amount, the portion paid to employees of organs under the system of ownership by the whole people was 4.29 billion yuan, an increase of 14.9 percent over the preceding year while the portion paid to organs owned by the urban collectives was 1.28 billion yuan, an increase of 13.7 percent over the preceding year. The average per capita monetary income (including bonuses, subsidies and allowances) of the staff and workers of the province was 854 yuan, an increase of 77 yuan, or 10.1 percent, over the preceding year. Of this, the per capita monetary income of employees of organs owned by the whole people was 883 yuan, an increase of 76 yuan, or 9.4 percent, over the preceding year. If we take the rise in the cost-of-living index into consideration, the real average per capita wage income showed an increase of 3.6 percent.

At the end of the year 1981, the savings deposits of the urban and rural residents amounted to 4.64 billion yuan, an increase of 45.6 percent over the preceding year.

In 1981, 5.69 million square meters of new residential housing were built by the state in the province. This was an increase of 820,000 square meters, or 16.8 percent, over the preceding year. There were in the province, 214,000 shops, eating places and retail sales stores, an increase of 68,000 shops and stores over the preceding year.

The problems which existed in the people's lives were an insufficient supply of commodities at the state listed prices, an increased number of commodities at negotiated prices, a general rise in commodity prices, and the generally ill effects on the standard of living of those people who had no or little bonuses in addition to their regular pay. These people include those engaged in science and technology, teachers, medical staff and ordinary employees of government organs. The standard of living of the latter groups was indeed greatly affected. Moreover, the residential housing for some residents was, comparatively speaking, too crowded.

#### X. Population

At 1981 year-end, the population of the province was 58.84 million, an increase of 1.04 million, or 1.8 percent, over the end of the preceding year.

CSO: 4006/462

## ECONOMIC MANAGEMENT

### STRENGTHENING OF FINANCIAL, ECONOMIC DISCIPLINE EMPHASIZED

Shanghai JIEFANG RIBAO in Chinese 20 Mar 82 p 1

[Article: "Municipal People's Government Arranges Further Step in Enterprise Finance Inspection; To Strengthen Finance and Economic Discipline and Deal With Unlawful Cases, Shanghai Working Group of State Council's Enterprise Finance Inspection Group Delivered a Report and Made Recommendations Yesterday"]

[Text] Yesterday morning (19th), the municipal government called a meeting of responsible personnel from concerned committees, offices, and bureaus to hear a report by the Shanghai working group of the State Council's Enterprise Finance Inspection Group on the inspection of Shanghai enterprise finances. At the same time, studies were conducted and arrangements were made for the next step in this work.

Under the direction and assistance of the Shanghai working group of the State Council's Enterprise Finance Inspection Group, notable results have been achieved in the inspection of some important areas of enterprise finance in Shanghai. Progress was relatively rapid because inspection requirements were clearly defined, special attention was given by various levels of leadership, and measures were firmly established. Violations of financial and economic discipline in the municipality requiring makeup payments totaled 220 million yuan. The major part of this has already been paid to the treasury. The inspection also uncovered 2,391 cases of unlawful economic violations involving 2,811 persons and 1.97 million yuan in unlawful gains. Through the finance inspection work, a group of advance models with good enterprise finance work were uncovered and reported on. For example, because of their strict adherence to state financial and economic discipline and their comparatively good systems of finance management work, relatively good economic results have been achieved by the No 8 Plant of Shanggang [Shanghai Steel], the No 17 Plant of Shangwu, the Shanghai Sulfuric Acid Plant, the Shanghai Internal Combustion Engine Plant, the Shanghai Bicycle Plant, No 21 Plant of Shangmian [Shanghai Cotton], and the small products wholesale section of the Shanghai Department Store. At the same time, the inspection also revealed that many problems existed in the finance management area in a substantial number of enterprises. These were exhibited in various ways: in loose systems of accounting for finance and goods and serious losses from overstocking; in disorderly confusion caused by outside processing with lack of strong supervision; in the existence of many loopholes, and even violations of law and discipline; in inappropriate use of funds with poor economic benefits; and in the qualifications of the finance and accounting personnel not meeting the requirements of finance management.



The inspection not only provided a vivid education in discipline and law abidance for a large number of cadres and workers, but also established a good foundation for the overall enterprise reorganization which is to follow, and the improvement of economic benefits. At the same time, it also uncovered some important leads for the enterprises to carry out their work of dealing a blow to unlawful and criminal activities in the economic field.

Comrade Pu Jun [3184 6874], head of the Shanghai working group of the State Council's Enterprise Finance Inspection Group, pointed out in the report that the inspection of enterprise finance in Shanghai will be completed at the end of March or in early April. In order that the enterprise finance inspection may be conducted well from beginning to end, the working group recommended the following: adoption of a series of measures in ideology, systems, and management to further the education of the cadres in finance and economic discipline; conscientious resolution of problems concerning violation of financial and economic discipline by the enterprises and revision and perfection of various finance systems; formulation of standards for finance management and inspection and systematic reorganization of the management of enterprise finance; based on the conditions of disorder and violation of laws and discipline in the management of outside processing, reorganization of the outside processing system; and strengthening of the supervision of enterprise finance and establishment of audit systems.

Deputy Mayors Chen Jinhua [7115 6930 5478] and Pei Xianbai [5942 0341 4101] of Shanghai attended the meeting and gave talks. They emphasized that comrades of the Shanghai working group of the State Council's Enterprise Finance Inspection Group had done a lot of work which was of considerable help to the various enterprises in Shanghai. The central government strongly emphasizes that improvement of economic benefits should be the guiding thought in leading industrial production and various types of economic work. This finance inspection provided a very good start for the reorganization of our enterprises and the further improvement of economic benefits. We should move ahead on the basis of this foundation. The experience in finance inspection, uncovered problems, and ideas for improvement should be conveyed to the various enterprises in the municipality, focusing on the central problem of improving economic benefits. The advance models with good enterprise finance work should be widely publicized and promoted, and those units with poor work should be criticized and helped. Examples of unlawful and criminal activities with wide educational significance should be used to educate the cadres and workers so that everyone will have a clear understanding of the struggle in the economic sphere. For those units with relatively serious problems, forces should be organized for a deeper investigation. Cases where leads have already been uncovered, especially the large and important ones, should be followed up on, thoroughly investigated and sternly dealt with. On the foundation of self-inspection and mutual inspection, the aforementioned enterprises should properly establish systems, business procedures, and personnel so that the results of inspection of enterprise finance discipline are transformed into ways of improving economic benefits.

## MINERAL RESOURCES

### MEASURES TO INCREASE COAL PRODUCTION DISCUSSED

Beijing RENMIN RIBAO in Chinese 19 Mar 82 p 5

[Article by Chen Fujin [7115 4395 0093]: "Several Problems in the Development of Production in the Coal Industry"]

[Text] Coal is the most common energy resource in our nation. It accounts for 70 percent of the nonrenewable energy resources in our nation's energy resources structure. Because in the next few years the production of petroleum and natural gas can only be maintained at roughly the current output levels and the production of hydroelectric power also cannot achieve any large-scale increase, the increase in energy resources production will depend primarily on coal. Coal is the key to the increase of energy resources in the near future.

To speed up the development of the coal industry requires proper technical and economic policies. The following problems need to be conscientiously studied and resolved.

#### Emphasis on Technical Reconstruction of Old Mines

Carrying out the technical reconstruction of old mines not only will increase coal production and improve the technical levels of coal mines but will also help change the present condition of lack of sufficient responsibilities for heavy industry. This will allow our national economy to maintain a definite rate of development and create the conditions for future national economic development.

The potential for increased production through the technical reconstruction of old mines is very large. It is estimated that from 1976 to 1979, raw coal production from mines under the system of unified distribution increased by 77.8 million tons. Of this total, over 40 million tons came from technically reconstructed coal mines. Compared to the construction of new mines for a similar scale of production, the saving in investment was generally about 30 percent and the time involved was reduced by about one-third. Although the current total production capacity of our nation's coal mines is very large, generally speaking, the technology and equipment are old and outdated, the efficiency of existing enterprises is low, the quality of the product is poor, consumption is high, and accidents are numerous. The technical reconstruction of old mines is a long-term technical and economic policy aim. Where reserves

are abundant and technical and economic conditions permit, technical reconstruction should be carried out on existing coal enterprises to raise coal production and improve the appearance of the coal mines.

The technical reconstruction of coal mines lies primarily in the improvement of mining plans, improvement of mining techniques, replacement of mining equipment, improvement of the hoisting and transportation systems, improvement and addition of facilities, increase of washing and beneficiation capacities, and emphasis on comprehensive utilization. Through technical reconstruction in these areas, production capacity will be increased, mining relationships will be further coordinated, safety conditions will be improved, and comprehensive technical and economic results will be achieved.

#### Proper Distribution of Coal Construction

The distribution of coal construction should consider not only the resources situation, geological conditions, communication conditions, and economic results, but also the balance of energy resources in the regions, particularly close coordination with thermoelectric stations and reduction as much as possible of the need for long-distance transportation.

Based on the conditions of our country, the layout of energy resources construction should emphasize the rapid development of our Shanxi coal resources during the "Six Five" and "Seven Five" periods so that it will become an energy resources base for the entire country. Shanxi coal resources are abundant (proven reserves account for one-third of those in the country); all types of coal are available (coking coal, power generating coal, and anthracite, all accounting for half of the nation's total); the overburden is shallow (generally 200 to 500 meters) and the coal seams are stable. Relatively small investment is needed for the construction of coal mines in Shanxi and results are achieved quickly. Using the same manpower, materials, and funds, two to three times the rate of development and economic results can be achieved compared to provinces south of the Yangtze River. According to calculations, because of the low production cost and high heat value of Shanxi coal, the total cost when shipped to the major consuming areas in the country is lower than that of coal from other mining regions in the country.

At the same time, we should speed up the construction of coal mines in the region between the Yellow River and the Yangtze River in Anhui and Jiangsu and in southwestern Shandong, vigorously develop the coal fields in the northeast region, continue to develop the coal fields in central and western Henan, and develop the Guizhou coal fields. Simultaneously with the construction of these key coal bases, a group of thermoelectric bases should also correspondingly be constructed. Unified planning should also be carried out with communication and transportation so that the problems of coal consumption and outlet are better resolved.

#### Establishment of a Rational Construction Policy

In the construction of the coal industry, the integration of large, medium, and small mines should be carried out on the basis of resources, funding, equipment, and other conditions. From the standpoint of the total, long-range

national economy, the construction of large modern coal bases is entirely necessary. However, because of the country's present urgent need for energy resources and limited investment funds, many medium and small mines should be constructed in the near future. There are many advantages in constructing medium and small mines as compared to the construction of large mines. First, the investment is small; second, construction period is short; and third, the development of production capabilities is relatively rapid.

The current scale of our coal construction does not meet the needs of our national economic development. However, 70 percent of the mines being constructed are large, most of which can only make a contribution after 5 years and cannot shoulder any greater production load in the next few years. Under these conditions, in addition to speeding up the construction of these large mines, it is absolutely necessary to stress the construction of medium and small mines.

#### Vigorous Support and Development of Local Coal Mines

Simultaneously with the development of mines under the system of unified distribution, local coal mines should be vigorously supported and developed. The local coal mines represent an important front army on the coal industry's battlefield. Currently, their output accounts for about 45 percent of our nation's total coal production and they play an important role in our national economy.

The development of local coal mines can fully utilize local resources. Out of the more than 2,000 counties and municipalities in our country, over 1,200 are already operating coal mines. They have had a very important influence on improving the distribution of the coal industry, speeding up the development of local industries and commune and brigade enterprises, and satisfying the needs of the large industries and the provinces and regions with coal shortages.

Events have shown that local coal mines are the same as mines under the system of unified distribution in that they are both important forces in speeding up the development of the coal industry. Particularly in the present situation, when large-scale development of centrally coordinated coal mines is not possible, greater contribution by the local coal mines is especially needed. We should further develop the positive action of the various levels in developing coal mines, adopting many forms of joint operation, putting together relatively large funds, constructing relatively orthodox coal mines, and avoiding unregulated excavation and mining. In the course of development, funds generated from mines should be used to build new mines and thus continue the development. Technical reconstruction should be stressed to build a group of backbone mines and improve production techniques. Thus, continued development may be achieved while existing positions are strengthened.

#### Development of Coal Washing and Beneficiation Processing

Under our current conditions of energy resources shortage and extremely tight transportation, the development of coal washing and beneficiation processing, increase of the ratio of raw coal to be washed, and at the same time implementation of research and experimental work in coal gasification and liquefaction

and accomplishing the comprehensive utilization of coal are urgent tasks to conserve energy resources, save transportation forces, and raise economic benefits. They also represent a long-range technical policy.

Currently, our industrial energy consumption is high, the energy resources utilization rate is low, and the heat energy utilization rate of coal is only about 25 percent. One of the important reasons is the low degree of coal processing. As a result, the waste rock content is high, the ash content is high, and the types of coal supplied are not consistent with the requirements. More than 80 percent of the raw coal is used directly without processing.

The high waste rock content in the coal also means a very large waste of the transportation force. According to incomplete statistics, over 60 percent of the commercial coal sold by the country's centrally coordinated mines consists of raw coal which has not been through washing and beneficiation processing. This means as much as over 30 million tons of useless transportation for the railways.

Currently, our country has a definite foundation and designing and manufacturing capability in coal washing and beneficiation. We should carry out investigation and research on the basis of this foundation and establish plans for gradual implementation of coal washing and beneficiation processing. Jointly with machinery manufacturing departments, studies should be actively conducted on new, high-efficiency washing and beneficiation equipment and technology and the equipment should be manufactured. In the future, coal washing plants should be suitably constructed along with the construction of new mines. At old mines where washing and beneficiation are not available, washing and beneficiation plants should be added on the basis of planning in accordance with local conditions. Technical reconstruction should be carried out on existing washing and beneficiation plants to increase their washing capacities and raise the output of products that will meet demands.

In addition to the development of washing and beneficiation processing, comprehensive utilization should also be properly developed. Coal is not only an important energy resource but also an important industrial raw material. We must do a good job in the research experimental work of gasification and liquefaction so that heat energy of coal can be fully utilized and the useful element of coal can be recovered as much as possible.

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## INDUSTRY

### JILIN ACTING GOVERNOR ADDRESSES INDUSTRIAL CONFERENCE

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["Excerpts" of speech by Acting Governor Zhang Gensheng at provincial industrial conference held by the provincial CCP Committee and people's government on 11 May, entitled: "Do a Good Job in Enterprise Consolidation, Improve Economic Results and Strive to Promote Our Province's Industry"--read by announcer]

[Text] The main purpose of the provincial industrial conference sponsored by the provincial CCP Committee and the provincial people's government is to study and implement the guidelines of the national industrial and communications work conference and the important speech of Premier Zhao Ziyang and, in accordance with the 10-point principle for economic construction set forth by the CCP Central Committee, and in light of reality, to conscientiously sum up experiences and lessons, correct guiding thought and strive to open up a new road for our province's industry in order to improve economic results. Given this purpose, the conference has emphatically studied the issue of how to do a good job in enterprise consolidation and made arrangements for industrial readjustment, technical reformation and intensifying ideological and political work so as to guarantee a comprehensive fulfillment of this year's industrial plan and to strive to achieve a balance between incomes and expenditures in our provincial people's government, I will now dwell on the following four issues:

First, correct the guiding thought in developing industry and pay attention to improving economic results.

Improving economic results is a guiding thought which the CCP Central Committee and the State Council have always emphasized in developing the national economy since the third plenary session of the CCP Central Committee; it is the core of the 10-point principle for economic construction of our country; and it is a summary of the experiences gained in the 32 years since the country's founding. Comrade Ziyang said that paying attention to economic results means striving to produce more products needed by society with less labor and material consumption. In case of our province, primary efforts should be made to reduce consumption of energy resources and raw materials, to lower production cost, guarantee that products are highly marketable and strive to increase the state's accumulation in taxes and profits. From now on, we should proceed from this basic starting point in considering all economic issues.

Under the leadership of our party, our industry has laid a relatively good foundation after 30 years of construction. Especially since the third plenary session of the CCP Central Committee, the broad masses of staff and workers on the industrial and communications front of our province have done a great deal of work by conscientiously implementing the principle of further readjusting the national economy. Their achievements are substantial. Industry has somewhat developed in the readjustment. Relatively remarkable achievements have been scored in developing the production of daily consumer goods. Light industry has registered relatively big growth. The inner structure and the service orientation of heavy industry have been readjusted. The production of coal, petroleum, chemical and metallurgical industries has again gone up steadily. A number of machinery enterprises have begun improving the situation in which there have been declines in production. [sentence indistinct] Some definite achievements have been scored in energy conservation. As far as capital construction is concerned, the scale has been reduced, the orientation of investment has been changed and results of investment have improved. New progress has been made in communications, transportation and post and telecommunications industries. All industry is developing toward a harmonious and rational orientation. The situation is getting better and better.

However, the situation formed over a long period of time in which industrial development is slow and economic results are poor has not fundamentally improved. All of the main targets of our province's industrial economic results are lower than the nation's average level. Most of them are among the lowest. Our province's economic results not only are lower than the nation's average but also lag a long way behind that of other provinces whose industrial foundations are about the same as ours. We have not yet gotten back to our own best production records. The slow development and poor economic results in our province's industrial production have seriously affected our incomes. We cannot make contributions to the state, and this situation is bound to increase the state's burden. Owing to a lack of money, it is very difficult to conduct technical reforms, modify equipment and begin new projects for industrial production. Neither can problems in workers housing, education, culture, public health, physical culture, broadcasting and urban public facilities be properly solved. This has affected the building of the national economy and the spiritual civilization in our province.

The cause of poor economic results in our province is many-sided.

1. From a macroscopic view, industrial structure is very irrational. We failed to proceed from reality, make full use of natural advantages and technical foundations, and seek a industrial structure which has our province's characteristics. Instead, we blindly went in for iron and steel industry and small enterprises and sought to establish independent industrial systems which are either small and complete or big and complete, resulting in a serious imbalance in the proportion of light and heavy industries. Our province is rich in agricultural resources and very rich in forestry resources which are a gift of nature. However, we have not made full use of these advantages to develop food and medical industries or those which comprehensively utilize timber. In the past several years, we developed a number of light industries. But, key enterprises which can make full use of natural advantages are but few in number. There is no framework for light industry.

We have a satisfactory variety of basic organic raw materials in our chemical industry, but we failed to take the advantage of this favorable condition to develop a corresponding, comparatively high-grade and precision processing industry. We laid a certain foundation for our machinery industry, but we did not successfully organize enterprises to produce complete sets of equipment and quality products, not to mention organizing them to serve the development of light and textile industries and the production of machinery and electrical products for daily use. Due to the influence of the leftist ideology, collective enterprises developed very slowly and occupy only a very small portion.

2. From a microcosmic viewpoint, the management of enterprises is in chaos, their business orientation is incorrect and their production purpose is not clear. Instead of producing according to social needs, they feel comfortable with the state monopoly for purchase and guaranteed marketing and give one-sided attention to output value and output, neglecting product quality. Quality and inexpensive products with new patterns, with a wide range of variety and with ready markets are rather few. Still fewer are products with exceptional high quality and high competitiveness. Many of our products are shoddy and thus are overstocked. This causes serious losses and waste.

We have not established or improved enterprise managerial systems, nor have we strictly enforced them. The responsibilities, rights and profits of enterprises have not been successfully integrated. Their problems arising from the ideologies of having an iron rice bowl, eating from the common pot and equalitarianism have not been properly solved. This has greatly dampened the enthusiasm of cadres and workers for building socialism.

3. From the standpoint of leadership, since the third plenary session of the CCP Central Committee, we have not effectively put an end to chaos and restored order, nor have we fully emancipated our minds. This is mainly because we failed to completely understand and eliminate the influence of the leftist mistakes and, in organization, to readjust leading bodies in a timely manner. We have not succeeded in enterprise readjustment, that is, closing down enterprises which should be closed down and promoting those which should be promoted with concentrated efforts. We have not flexibly implemented economic policies, thus failing to take feasible measures to tackle the problems of giving greater autonomy to enterprises, developing the collective economy and commodity circulation. All of this has resulted in our slow pace in changing our industrial backwardness. We should not blame the problems on lower levels. Ineffectiveness on the part of the provincial CCP Committee and government is the major reason for the problems.

We should draw lessons from our experiences. The purpose of our summing up experiences and finding out where we lag behind is to advance and to keep pace with the whole country's economic development, which is progressing rapidly. We should add to our achievements, overcome difficulties, ascertain our favorable conditions and enhance our confidence in promoting industry. We should see that we have not only a fairly solid foundation for industrial development but also abundant resources. We have plenty of timber, grain, oil, sugar, local native products, and mineral products. We also have plenty of raw



materials for the chemical industry. This means we have a much greater potential for industry. If the productivity of all of our workers can be as high as the national standard, we can increase annual output value by 3 billion yuan. Even a restoration of our best record would bring us 2 billion yuan more. If the percentage of the profit in the output value of enterprises operating under the provincial budget can reach the national level, we can increase annual profits by 500 million yuan. If we can restore our best record in the amount of profit and tax in per-hundred-yuan output value of state enterprises, we can earn 1 billion yuan more in a year. Despite factors which cannot be compared, it is evident that we have great potential. This means that as long as we strengthen leadership and make the best use of our favorable conditions, the acceleration of our industry is promising.

We have had a good start in this year's industrial production. In the January-April period, our industrial output value was 6.5 percent higher than in the corresponding 1981 period. We have done a generally good job in fulfilling our heavy and light industrial production targets. In the same period, light industry showed an increase of 9.3 percent and heavy industry an increase of 4.5 percent. Thus, we altered the situation which existed last year, when light industry rose and heavy industry declined by a large margin. Most departments of various municipalities, prefectures and counties registered increases. A majority of products showed steady improvement in quality and consumption of major raw materials, fuel and power decreased. Losses were reduced and profits increased.

We should continue our efforts and fulfill this year's industrial plans comprehensively, so that the goal to guarantee a 3 percent, strive for a 4 percent and advance toward a 5 percent increase set forth by the provincial CCP Central Committee can be realized and a solid, not inflated, speed with better economic results can be achieved. When we organize this year's industrial production, we should strengthen planned guidance and successfully combine speed with results, quantity with quality and production with needs and see to it that speed is subordinated to results, quantity is subordinated to quality and production is subordinated to needs and that all targets are fulfilled.

We should achieve new developments in the production of consumer goods for daily use. We should strive to keep heavy industry on the rise. Our products should meet market needs. Production of overstocked products should be discontinued to avoid new stockpiling. We should decrease energy consumption by 3 percent. Transportation departments should guarantee the supplies of coal, timber, grain and other major materials. We should strive to increase production and income.

Effective in June, we will publish, in order to their fulfilling the state-stipulated 16 major economic targets, the names of municipalities, prefectures and counties on a regular basis. All localities, all trades and professions and all enterprises should arouse the masses to plunge into the campaign to emulate, learn from, catch up with, help and surpass the advanced.

Second, make a success of enterprise consolidation with the focus on improving economic results.

Comrade Ziyang said that to improve economic results we should devote ourselves to enterprise consolidation; otherwise, we will have no foundation for any other work. During the past few months, some 1,400 cadres have been transferred from provincial, municipal and county departments to form groups to conduct investigations at 280 enterprises which have greater potential, more problems and heavier production tasks. The output value of these enterprises amounts to about 40 percent of the province's total, and their profits amount to 80 percent of those of the enterprises operating under the provincial budget. As they control the whole industrial production situation of the province, we should exert more efforts to consolidate them.

1. We should fully understand the importance and urgency of enterprise consolidation. To comprehensively consolidate enterprises in a planned and systematic manner and in different groups and stages is an important strategic measure of the CCP Central Committee and the State Council for further implementing the readjustment policy, tapping potential of existing enterprises, achieving better economic results and bringing about a fundamental turn for the better in the economic situation.

Taxes and profits turned over by our industrial enterprises account for more than 80 percent of the province's revenue. Whether the leading bodies of industrial enterprises are powerful or weak, whether the mental outlook of workers is sound or bad, and whether their production and economic returns are high or low have a most important bearing on the province's economic construction. Rather serious problems have been revealed through the initial consolidation.

A. Leading bodies are lax and weak, and serious unhealthy trends exist among cadres. We should say that the quality of the overwhelming majority of the cadres of industrial and communications enterprises is good, and they are active and hardworking. However, many enterprise leading bodies more or less have such problems as being lax and weak. Overstaffed, old and unprofessional and, therefore, cannot meet the needs in work.

B. Enterprise management is chaotic and waste and losses are serious. Systems of fixed consumption quotas, economic accounting and economic responsibilities are not perfect and financial, material and labor management and quality control are poor.

C. Enterprises are overstaffed and their managerial departments overlap.

D. Enterprises' economic returns are very low.

1. Host of facts fully prove that there are ways everywhere for enterprises to make money. Good results can be achieved once we consolidate them. Take the first group of consolidated enterprises in Changchun, Siping and Tonghua, for example. Their first-quarter output value was 23.6 percent higher than in the corresponding 1981 period and their profits were 160 percent higher, much greater than the average increase for all the enterprises in the municipalities. The purpose of consolidation is to achieve quicker and better economic results. Through consolidation, we should change the passive, backward situation in our industry. This is the key to quickly advancing industry.

2. Make the focal points of enterprise consolidation stand out. One of the focal points is to conscientiously grasp the building of leading bodies, and the other is to strengthen enterprise management. Attention should be paid to these two points.

The consolidation of leading bodies should be stressed in ideological work, such as studying the central No 2 document, eliminating left influences, summing up experiences and heightening the understanding of the realities of enterprises, correcting managerial ideology and checking malpractices. The consolidation of enterprise leading bodies should be conducted by the enterprise CCP committees themselves. CCP committees of the higher level and investigation groups staying at enterprises should, if necessary, help enterprises straighten out their wrong and muddled thinking.

In conducting ideological consolidation, we should adopt the methods of studying, discussing, criticizing and self-criticizing, the major ways to eliminate protracted left influence on work are to heighten awareness and to draw lessons. Those who engaged in individual malpractices should be criticized or conduct self-criticism in the manner of "a gentle breeze and a mild rain" so as to "cure the sickness to save the patient." Those who committed common economic mistakes should volunteer to make a self-criticism and return their illegal gains to the state. Malpractices should be rectified and reformed simultaneously. All mistakes which can be corrected should be corrected immediately. Meanwhile, specific regulations and measures should be formulated to correct malpractices. Efforts should be made to improve the relationship between the cadres and the masses so as to bring along enterprises' workstyle with the party's workstyle.

We should conduct organizational consolidation. We should select and organize enterprises' leading bodies in line with the principle that leading bodies must be composed of highly competent people who are younger and have revolutionary aspirations and professional knowledge, so as to promote to leading posts young and middle-aged cadres with both ability and political integrity. Those who seriously neglect their duty and have no sense of responsibility and devotion to their work should be firmly reformed. Such people should be strictly prevented from sneaking into leading bodies. Such people who are already in leading bodies should be resolutely dismissed.

Leading bodies of enterprises should be small in number but highly trained. A common enterprise should have one director, two or three deputy directors, one secretary and one deputy secretary. These posts should be filled as far as possible with cadres under 50 in age. Secretaries of CCP committees and responsible members of workers' congresses can be older than 50, but not too old. The consolidation of leading bodies should follow the mass line. The consolidation should be developed by the method of combining the leaders' selection with the masses' recommendations.

Another focal point of enterprise consolidation is to strengthen enterprise management. Efforts should be made to achieve success in the following issues:

A. It is necessary to grasp the basic elements of enterprise management. All enterprises should further amplify their original records, statistics, measures, commodity inspections, production quotas, quotas for material consumption, criteria for judging the quality of products, scientific and technological files and safety equipment.

B. It is necessary to intensify labor management, consolidate labor organizations and organize production items in accordance with the fixed production quotas and fixed number of staff members and workers. We should conscientiously implement the State Council's regulations on reward and punishment for enterprise workers and staff as well as the national rules for workers and staff adopted by the national forum of representatives of model laborers and advanced personages. We should manage to mete out punishments or rewards as the case demands and be clear about what to reward and what to punish. We should also vigorously correct situations in which organs are overstaffed, labor discipline is lax and labor productivity is low. Bonuses will not be given to those who fail to fulfill production quotas. The number of workers and staff should be fixed in accordance with production tasks. It is necessary to assess technical proficiency of workers in line with the demands on production technology. Only qualified workers will assume work posts.

C. It is necessary to strengthen the overall management of commodity quality and to firmly foster a concept of attaching primary importance to the quality and use of commodities. Every enterprise should guarantee quality in the fields of product design, raw materials, processing skills and inspection, packing and marketing of products. Those who cause great quality-related accidents and incur serious losses should be investigated and punished severely. Every enterprise should concentrate some technological forces on running a product design office or a product design group to design new varieties of products and to improve the quality of old products.

D. It is necessary to strengthen financial management in enterprises and do a good job in overall economic accounting. Every enterprise should establish economic accounting systems not only for its plants but also for its workshops, work teams and the whole process of production. It is necessary to plug loopholes in all fields and strive to achieve the best economic results with as little manpower and material consumption as possible.

E. It is necessary to closely integrate responsibility, funds and profits and establish and improve all forms of economic responsibility systems. Strict responsibility systems should be established for all positions from plant leading cadres, and department personnel to all staff and workers. Such systems should be combined with economic profits to bring into full play the enthusiasm of personnel who directly guide or participate in production and to eliminate the practice of equating people who work hard and well with those who do not. It is necessary to conduct regular examinations and evaluations and organize the masses to participate in democratic evaluations and public opinion polls. After a certain period of evaluations, those whose work performance is good should be given appropriate awards and those who fail to meet the requirements of their responsibility systems should be considered incompetent and transferred to other positions or assigned different responsibilities. In consolidation, enterprise organs should be reformed and streamlined.

As long as we continuously attend to the above issues, we will be able to gradually improve the backward situation of messy enterprise management and poor economic results.

3. We should carry out enterprise consolidation step by step. The first step is to conscientiously study central documents to enhance our understanding of ideological issues. Through study, it is necessary to correct our thought and free our minds from all fears. At the same time, it is necessary to organize cadres and staff and workers to conduct joint investigations and studies to locate problems in enterprises.

The second step is to sum up experiences and lessons and to train cadres to solve problems in leading bodies. We may replace training with meetings. In other words, we may organize leading members of enterprises selected for conducting experiments, some middle-level cadres and representatives of staff and workers to receive training of 8 to 10 days. By doing so, cadres will be educated to tighten the ties between themselves and the masses. At the same time, workers will also be educated to arouse their enthusiasm for production. After the training, leaders of all units should report to plant staff and workers. Plant managers and secretaries should voluntarily conduct self-criticism and explain existing problems. [passage indistinct] It is necessary to establish and improve the five systems for enterprise management and systems for workers evaluation.

The fourth step is to strengthen organization. Enterprise consolidation should be combined with the consolidation of the party and the CYL and carried out simultaneously [words indistinct]. In accordance with the circular of the provincial CCP committee on conducting education in the party's spirit, style and discipline and on conducting investigations, we should intensify ideological education, strictly participate in the organizational life of the party and the CYL, and conduct criticism and self-criticism. We should conscientiously implement the system of having plant managers in charge under the leadership of CCP committees and the system of workers congresses. When conditions permit, it is necessary to hold party congresses to elect party committee members and hold workers congresses to elect plant managers. Enterprise consolidation will be accomplished after we concentrate our efforts on these four steps for 3 to 5 months. We should unremittingly conduct enterprise consolidation step by step and group after group, pay attention to work quality, avoid perfunctoriness and do a really good job in enterprise consolidation throughout the province.

4. We should further strengthen leadership over the work of enterprises consolidation. From now on, leaders at all levels must make greater efforts to attend to enterprise consolidation.

5. We should pay attention to the consolidation of all enterprises, not just key enterprises. Consolidating all enterprises cannot be put off. Efforts should be made to solve major current problems in two steps. The first one is to conduct initial consolidation in leading bodies. All municipal, prefectural and county CCP committees should make timely and necessary readjustments in leading bodies which are too weak or have serious problems. The second step is

to consolidate enterprise management and gradually establish and improve several management systems. To counter chaotic management in enterprises, it is necessary, first of all, to do away with the problem of loss and waste. All leading organs of industrial enterprises should strengthen supervision and guide the consolidation work in enterprises in all areas with the experience gained in key enterprises. Enterprises under departments of communications, capital construction, forestry, agricultural reclamation, commerce, grain, foreign trade and banks should also conduct consolidation stage by stage and group after group in accordance with the abovementioned steps. In short, we should conduct enterprise consolidation in a planned and down-to-earth manner, lay a solid foundation for all enterprises and create a brand new outlook for enterprises.

Third, pay close attention to industrial readjustment and technical renovations and strive to fundamentally improve the industrial situation. In addition to consolidating enterprises and improving management, we should conscientiously attend to industrial readjustment and enterprises' technical renovations if we are to achieve better economic results. This is a strategic task to thoroughly overcome our province's industrial backwardness and to accelerate industrial development. Therefore, we should coordinate our efforts in readjustment and technical renovations with those in enterprise consolidation and make them a success.

1. We should enhance our understanding and resolutely surmount the ideological obstacles which are reflected in people's unwillingness to readjust because they want to maintain the status quo or want to wait and see and because they are indecisive. Party committees and governments at all levels should bear the entire situation in mind, break local and administration barriers and unify their thinking and plans to readjust the enterprises which should be readjusted and close those which should be closed. Recently, we discussed long-term plans for our industrial development and set forth an initial goal, that is, to strive to catch up with or surpass the average national standards in the speed of increase, in technology and in economic returns in 5 years and to keep pace with national development. Through readjustment and technical renovations, we should gradually make the structure of light and heavy industries reasonable to enable them to develop harmoniously, furnish them with suitable organizations, achieve a fairly high level in specialized production, increase the variety of products, consolidate and improve existing brand-name products, produce a number of brand-name products which are competitive on international markets, markedly improve the technical level of existing enterprises and strive to achieve better economic results and high speed so as to bring our industry onto a track of steady and sound development. Therefore, we now set forth the following tasks:

A. Industry should be readjusted so that raw material supplies and markets are ensured, and an industrial structure and product mix characterized by our resources and technology should be gradually established. We should resolutely alter the imbalance in the structure of light and heavy industries. While exerting great efforts to develop light and textile industries, we should take advantage of our resources and technology to develop in a planned manner heavy industries which serve market needs and yield high economic returns so as to balance light and heavy industries.

1) We should make the best use of our resources of farm and sideline products and local native products, which is an advantage of our province, to greatly develop light industry and food, medical and textile industries. We should exert extra efforts to improve product quality and increase variety to enable a number of our products to become famous for their quality. The emphasis of the food industry should be placed on development of cigarettes, wines, sugar and starch and protein products. We should fully use precious medicinal materials, such as ginseng, pilose antler and toad oil, and precious mountain products to develop processing industries and comprehensively utilize them to produce canned food, high- and medium-grade candies, cakes, tonic products, cosmetics, prepared Chinese medicines and beverages to supply domestic and world markets. The emphasis of textile industry is to develop woolen, silk and flax products.

2) We should make the best use of our abundant timber resources to do a good job in comprehensive timber utilization.

3) We should make the best use of our advantage as a chemical raw material base to develop a precision processing industry.

4) We should make the best use of our nonmetal and nonferrous metal resources to develop building material and nonferrous metal industries.

5) We should make the best use of our existing machinery and electronic industrial foundation [words indistinct] to serve the changed rural needs, the development of light and textile industries and technical renovations and equipment modification.

6) To develop energy, we should emphasize local collieries. We should strengthen geological surveying and successfully operate existing local collieries.

7) We should resolutely halt enterprise deficits. Enterprises which lack raw materials, whose products find no markets and which are bound to lose money if blindly developed should be resolutely closed down. Money-losing enterprises which will not have production tasks for a short time to come and which find no market for their products should be converted to other lines of production within a limited time. Enterprises which turn out shoddy expensive goods, consume a great amount of energy and materials and suffer serious deficits and whose operation can do more harm than good should be suspended for consolidation and should improve within a limited time.

B. We should gradually reform industrial managerial systems in the course of readjustment and continue to give greater autonomy to enterprises to satisfy production needs. The provincial party committee and government held that except for a few large enterprises, all enterprises should be put under the administration of municipalities. The provincial economic commission should complete this work as soon as possible. This work should first be completed in Jilin and Changchun municipalities during the second half of this year. Within 2 or 3 years, industrial enterprises of our province, under the unified plan of the state and the province, should vigorously expand cooperation for

specialized production and gradually establish a number of complexes to produce highly competitive products, famous quality products and products which are in short supply and which have a ready market. Some of the complexes should be established by different enterprises according to their trades or localities. Others should be established solely by the enterprises of our province or by the enterprises of our province, other provinces and even foreign countries. By so doing, we can change the situation in which some enterprises have no production tasks while others have so many that they exceed their capacities, and we can improve product quality and increase quantity. Enterprises which join in the complexes should strictly implement contracts and be creditable. Pertinent departments should quickly solve the problems arising from duplicate taxation and problems in purchases and marketing. This is an important job to accelerate industry.

C. Arrange proper jobs for talented persons and strengthen scientific and technological forces. On the one hand, our province's scientific and technological force in local industry is very weak. The distribution of this force is not even and balanced, and the integration of scientific research and production is not good enough. On the other hand, the scientific and technological force of the central authorities and of colleges and universities in our province is very strong. However, we have failed to get in touch with them and to bring their role into full play. This is an important reason for the poor quality, scanty designs and varieties and low economic results in our industrial products. We must pool our efforts to solve this problem to enable our scientific and technological force to meet the needs of industrial development. We must further implement the policy on intellectuals, create better working conditions for them and bring into full play the role of our existing scientific and technological personnel. We must adjust our surplus and deficiency. In the meantime, we must transfer some surplus technicians from large enterprises to reinforce middle-sized and small enterprises and some technicians from heavy industrial enterprises to reinforce light and textile industrial enterprises, or employ them to serve as technical advisors at middle-sized and small enterprises. Moreover, we can employ some technical specialists and specially skilled aged workers from other provinces in accordance with our needs. We must expedite the training of talented persons, organize people to study independently in their spare time, sponsor television college programs and spend money for the purpose of training talented persons. We must closely integrate scientific research with production, stress applied science and technology, organize together the scientific and technological force of science units and of colleges and universities in our province and do a good job in tackling technical problems and popularizing scientific research achievements.

After this conference, we must hold forums of specialists to hear their opinions. All enterprises must hold mass scientific and research activities.

D. We must develop collectively-owned enterprises. This is an important point for readjusting the industry. By managing well collectively-owned enterprises, we can draw on local resources to develop consumer goods for daily use and small commodities, enliven markets and increase state revenue and also provide a way for the unemployed. Some localities now still restrict and discriminate



against collectively-owned enterprises. Some have refused to grant loans to such enterprises, have forbidden local financial departments to invest funds, have supplied no raw materials to and arranged noactory sites for them. Party committees and governments at all levels must properly handle the relations between enterprises run by the whole people and collectively-owned enterprises and support the development of collectively-owned enterprises in all respects. Collectively-owned enterprises must be responsible for their own profits and deficits and promote the fine traditions of careful calculation, strict budgeting and flexible management. We must also actively develop commune- and brigade-run industrial enterprises. We should note that such enterprises are not only a component of socialist large-scale agriculture but also a component of industry. During industrial readjustment, we must make overall arrangements for commune- and brigade-run enterprises in accordance with the stipulations of the CCP Central Committee and the State Council and the plans of the provincial CCP Central Committee. These industrial enterprises must, persisting in the principle of drawing local materials and processing and marketing products locally, develop small-scale industries, including agricultural and sideline product processing, building material, coal, water and power and timber processing industries. While expanding production capacity, large enterprises with favorable conditions must take the initiative in delivering products to commune- and brigade-run enterprises and undertaking coordination so as to achieve the goal that state-run enterprises will help the collectively-owned enterprises, the people-run enterprises will lead the collectively-owned enterprises and large plants will help small plants to enable commune- and brigade-run enterprises to achieve more rapid development. Moreover, commune- and brigade-run enterprises must be readjusted in order to solve the problems of blind development and replacing the developed ones by the less developed.

E. Do a good job in technical renovations among enterprises in the course of industrial readjustment. We must properly handle the relations between carrying out readjustment by means of own efforts and outside efforts. In the future, in carrying out expanded reproduction, we must mainly rely on technical innovation and reformation and bring into full play the role of existing enterprises. By doing so, we can enable enterprises to quickly achieve economic results and high benefits even with a small investment. Of course, speaking on a long-term basis, we need to carry out some few projects among backbone enterprises such as light industrial, textile, foodstuff, chemical, timber and medicine processing industries. Technical innovations among enterprises must be carried out group by group and in selected units first. We must first select from our existing enterprises some key ones which have a foundation, and good prospects for development, which require little investment and a short construction period and can achieve quick economic returns to engage in technical innovation. We must actively develop popular products. Furthermore, we must grasp well the present reconstruction, expanded or new construction projects so as to form a new structure for the light and textile industries. Technical innovations among most enterprises should be concentrated on small innovation and reformation, on solving weak links in production, economizing on energy, reducing consumption of raw materials, improving product quality, increasing varieties, strengthening market competitiveness, doing well in comprehensive utilization, eliminating pollution and rationally using natural resources.

F. We should stress good ways to raise and use money in order to successfully carry out industrial readjustment and technical renovations. When raising fund, we should widen our field of vision to collect funds from many sources in our province, properly use state loan and vigorously make use of funds from other provinces or foreign countries. We should strive to expand cooperation with other provinces or foreign countries, establish compensation trade and develop processing of imported raw materials and processing according to supplied samples so as to collect more funds. When using funds, we should choose the right projects to invest in and pay attention to the returns of the investments.

G. We should correctly implement labor policy and improve workers' technical standards. Over the past 5 years, the province has arranged jobs for 1,459,000 people. This is a great achievement. In our future efforts to make job arrangements, we should implement the principle of having labor departments offer jobs, having people organized voluntarily to run businesses and having individuals find jobs themselves under the guidance of the overall state plan. All industrial enterprises should strive to enable 20 percent of their staff members and workers to attend study classes every year so that after 5 years of rotational training, most of the staff and workers can reach the junior high school level and can skillfully do their specific jobs.

H. Communications and transportation should be correspondingly developed in the course of readjustment.

Fourth, strengthen party leadership and ensure the fulfillment of all tasks.

During the next few years we should, on the one hand, concentrate our efforts on enterprise consolidation and exert enormous efforts to implement industrial readjustment and technical renovations so as to strive to catch up with the average national level within 5 years. On the other hand, we should fulfill industrial production tasks, achieve better economic results, reduce production costs, minimize the use of funds and turn over to the state more taxes and profits under the situation in which bank interest rates have been reduced, the prices of some products lowered and the prices of some raw materials and electricity charges raised. The tasks are very arduous and, therefore, require strengthened party leadership over industry and intensified ideological and political work.

1. We should intensify ideological and political work, which is a guarantee for successful enterprise consolidation and industrial readjustment and for the fulfillment of production tasks. In particular, under the new situation in which we are implementing the principle of opening up to the world and enlivening the domestic economy, the party's ideological and political work should be all the more strengthened instead of weakened. We should successfully build both material and spiritual civilizations. In the economic field, we should attend to ideological and political work and economic work, coordinate them closely and strive to put ideological work in the lead so that every link in the economic field attaches importance to the work. We should pay attention to ideological education, a key link, to educate workers--particularly young workers--to uphold the four basic principles, to love the motherland,

the Communist Party and socialism, to resist the influence of capitalist and other decadent ideologies, to enhance their belief in the superiority of the socialist system and to raise their socialist, communist awareness.

We should educate with vivid and concrete materials the masses of staff members and workers on the economic situation. At present, some workers feel dissatisfied without good reason. Some even complain frequently. This shows that some people do not clearly understand the current economic situation and that ideological and political work is not effectively carried out in enterprises. We should give a detailed account to the people to make them see that, since the smashing of the gang of four, especially since the third plenary session of the CCP Central Committee, the party and the state have made tremendous efforts to improve the people's living standards despite economic difficulties. We should cite facts to make the masses of workers clearly see the excellent situation and believe in the correctness of the party's line, principles and policies laid down since the third plenary session. During the education work, leading persons at all levels should conduct study and investigations, take the lead in giving lectures and explain problems with convincing facts that people can actually see and feel. They should also factually explain to the masses the problems arising from state financial difficulties and the problems in the workers' livelihood. They should make clear to the workers the principle of ensuring sufficient food first and carrying out construction second and educate them to correct the relationship between development of production and improvement of living standards, to correctly handle the relationship between the interests of the state, the collective and the individual, to strengthen their sense of responsibility as being masters of the state, to enhance revolutionary spirit and to vigorously share the difficulties of the state and make contributions to it.

We must resolutely deal blows at serious criminal activities in the economic field and carry out the anticorruption struggle. Some comrades, even now, still have a confused understanding of this struggle. Some fear that such a struggle will delay production and work. Therefore, the struggle they wage is not bold and energetic enough. Some fear that they might offend others or cause trouble for themselves. Some even have misgivings, fearing that they might make deviations because of their failure to draw clear lines of demarcation in applying a policy and that people might ask for rehabilitation.

We must earnestly study the decisions of the party Central Committee and the State Council on dealing blows at serious economic crimes and the circular of the provincial CCP Committee and the government, correct our ideology and enhance our thinking. Attacking serious criminal activities in the economic sphere is a salient expression of class struggle in the economic sphere in our socialist society under the new historical conditions. Launching this struggle, which adheres to communist purity and opposes corruption and decadence among Communist Party members and state personnel, will affect the success and failure of our socialist construction and the prosperity or fall of our party and country. We must educate the broad masses of party members and cadres to deeply understand the importance and necessity of this struggle and urge them to voluntarily participate in it. We must integrate with the current struggle the implementation of the circular of the provincial CCP Committee on

conducting education on party spirit, party work style and party discipline and on investigations. Dealing blows at serious crimes must be closely combined with production. We must correctly grasp policies, and strictly distinguish between and properly handle the contradictions of two different natures. We must make a clear distinction between smuggling, trading in smuggled goods, corruption, accepting bribes, speculation and swindling and the problems arising in the course of implementing the policy of opening up to the outside world and enlivening the domestic economy because of certain imperfect systems and methods. This year, our province is expected to achieve half of its industrial output value through regulations by the market. Therefore, we must not stop business activities such as proper business coordination and promotion of market sales and must continue to vitalize the economy.

2. We must strengthen organizational leadership over industrial production work. Presently, our province has established financial and economic work leading groups and assigned secretaries and deputy governors to take charge of industry, thus intensifying the leadership force. It has recently readjusted and reinforced the leading bodies of various departments, committees, offices and bureaus and organized a more powerful force to grasp industrial work. Since the beginning of this year, all municipal, prefectural and county CCP committees have universally organized leading bodies composed of secretaries, deputy secretaries, deputy mayors, deputy county heads and members of standing committees of party committees to grasp industry. They have done a good job in this field and scored achievements. This has played an important role in fulfilling the current production tasks. Therefore, such efforts must not be relaxed.

3. All departments must maintain close ties with one another and exert efforts to promote industry. Developing industry requires the efforts of all fields. It is not only a matter which must be attended to by the industrial departments. Party committees and governments at all levels must organize all departments well and undertake concerted efforts to make this work successful. In the past 2 years, the financial and trade departments throughout the province have scored noticable achievements in supporting the development of industrial production and have solved in timely fashion many problems concerning the links between production and marketing. They have greatly supported industrial readjustment and technical innovation and scored fairly good results by means of granting loans and credits and allocating funds from state revenues to enterprises. However, we still have many problems awaiting solution. The most important and effective measure to increase our province's state revenues is to develop industrial production, improve economic benefits, and open up more financial resources. Financial departments and banks must, in terms of revenues, loans, credits and taxes, further support the development of industrial production. Commercial, supply and marketing, foreign trade and grain departments must take the whole situation into account, consider the support of local industrial development as their own tasks, ensure supply of industrial raw materials, do a good job in the procurement of products, simplify business links and procedures and strive to expand sales.

There are many reasons for our failure to develop our superiority in grain and oil production. One of them is the rigid control exercised by departments concerned. We should conscientiously change the indifferent and passive attitude and oppose the practices of paying attention to ones own interests to the detriment of the interests of the whole and even abusing power to create difficulties in purchasing, marketing and transportation. Commercial, financial and banking departments should also supervise industrial production and provide information on market needs and the masses' opinions. This is also an important way to support industrial production. Agricultural, forestry, animal husbandry and land reclamation departments should also support the province's industrial production. At present, they should mainly develop hog, cattle, sheep, rabbit production and the production of ginseng, pilose antler and other native products and develop beet production so as to supply sufficient raw materials for light and textile industries. Industrial departments should improve the work of purchasing and transporting farm and sideline products and other raw materials. Scientific research and education departments should cooperate with industrial enterprises to tackle technical problems and accelerate training of qualified technicians. Newspaper, broadcast, television and literary and art departments should emphasize their reports and create literary and art works on our province's industrial consolidation, readjustment and production so as to make contribution to the promotion of our province's industry.

Comrades, our tasks are glorious and yet arduous. We should be courageous and rouse ourselves for vigorous efforts to change our work style, to conduct study and investigations, to earnestly perform our tasks, to strive to fulfill all our industrial production tasks for this year, improve the passive situation in our industrial production and gradually catch up with the national industrial development and to greet the convocation of the 12th party congress with concrete deeds.

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## INDUSTRY

### 'SHANXI' HOLDS INDUSTRIAL OUTPUT PHONE CONFERENCE

HK210947 Taiyuan SHANXI RIBAO in Chinese 10 May 82 p 1

[Report: "Provincial Government Telephone Conference on Industry and Communications"]

[Text] The Shanxi Provincial People's Government convened a provincial telephone conference on the evening of 8 May, to mobilize staff and workers throughout the province to brace themselves, work without a letup for the whole month of May, make new achievements and strive to overfulfill the first half-year plan for output value and profits.

Vice Governor Wang Xi presided over the conference and gave a speech. At the conference, Ye Xiufeng [5509 4423 1496], chairman of the provincial economic commission, also delivered a mobilization speech. In this speech, Ye Xiufeng disclosed that with the concerted efforts made by the vast number of staff and workers on the industrial and communications front throughout the province, encouraging results have been made in the province's industrial production in April, and both the production growth rate and economic returns are relatively high. In April, the total industrial output value of the province increased by 16.4 percent when compared to the same period last year, and the average daily output value reached the highest recorded level in history. The amount of profit handed over to the state increased by more than 23 percent when compared to the same period last year, with the profit growth rate remaining higher than the growth rate of output value. Growth of varying degrees in industrial production was witnessed in 11 prefectures and municipalities throughout the province. However, compared with other provinces, many production standards remain relatively low in the province; and many accidents have occurred because production safety standards are not followed. On behalf of the provincial people's government, Ye Xiufeng appealed to the vast number of staff and workers throughout the province to keep their enthusiasm high, make the best use of the second season which is the golden season for industrial and communications production, and work without letup for the whole month of May so as to ensure that the output value increases by 7 percent and the amount of profit handed over to the state increases by 18 percent in May when compared to April; and to strive for better results in terms of speed and returns. He asked those departments such as the light industry, textile industry, medicine industry, second light industry, metallurgical industry, chemical industry, building material industry and so on, to go all out to

produce more major food and textile products and consumer goods, which are in short supply, in accordance with the market demand. The machine-building industry must step up trial production of new products and actively expand new markets in agricultural production and coal mine construction. In upholding the principle of attaching equal importance to readjustment and production, the coal industry must properly promote balanced production and strive to raise the resource recovery rate. The power industry must strengthen regular maintenance and try their best to ensure safety in electricity consumption, and provide a stable and sufficient electricity supply. In May, in order to support industrial and agricultural production, the daily power generation load must be maintained at or above 1.8 million kilowatts, and the three targets for power industry must be fulfilled. [These three targets may denote "safety in electricity consumption, and a stable and sufficient electricity supply" mentioned above]. As for railway transportation, organizational work must be strengthened, the internal latent power should be tapped and various technical standards including loading and unloading requirements and so on must be fulfilled. Only by improving the unloading work, speeding up the recycling of railcars, enhancing transportation efficiency and ensuring safe and punctual operation of trains, can railway transportation be the good vanguard of industrial and agricultural production. All trades must pay close attention to maintaining the progress of technical transformation projects, and strive for quick completion and quick returns.

The economic commissions and all departments concerned in various prefectures, municipalities and counties must work hard to improve the quality of products, stop the decline in quality and improve it to the best level ever recorded as soon as possible. Those trades which have maintained the quality of their products should try to catch up with and surpass the advanced levels of their colleagues throughout the country. From May on, a monthly analytical examination of product quality must be conducted. Based on the findings of the examination, appropriate measures must be taken to improve product quality. We must strengthen business administration; close the loopholes in the administrative and assessment systems with emphasis placed on reducing the consumption of raw materials, fuel and energy, so as to keep production costs down, make up deficits and increase surpluses. We must further improve the economic responsibility system, and quicken our pace in enterprise reorganization.

We have to resolutely deal blows at serious criminal activities in the economic field. At the same time, we must also strengthen education on the economic situation and organize our staff and workers to conscientiously study and discuss the draft of the revised constitution. In carrying out the regulations for rewards and penalties for the staff and workers of state-run enterprises, leading people at different levels should set examples, and be brave in upholding principles and bold in grasping the work and carrying out criticism. We must further correct labor discipline by implementing the regulations so as to establish a new order in our socialist enterprises.

We must conscientiously organize the activities of the third safety month so as [to] achieve good results. All activities must be organized in a planned way, with emphasis on key tasks. An investigation and summation must be made. In rigorously enforcing rules and regulations, we must abide by the regula-

tions, observe discipline, and carry out the principle of safety first in everyday production in order to prevent serious accidents.

Our leading organs must foster a work style of paying attention to both the grassroots levels and production. Our leading comrades must frequently go to the grassroots levels to assist enterprises in solving their problems in external conditions, in organizing production and in doing a good job in basic work. Those departments including the planning committee, economic commission, financial department, material supply department, commodities price department, commercial department, banks and so on must act in close coordination, establish close contacts between the producing and marketing sectors, and maintain clear circulation channels so as to ensure that production is carried out smoothly. Leading organs at different levels must keep in step and pay close attention to large-and medium-sized enterprises, enterprises which are suffering great losses, and large enterprises of local importance so as to raise production speed and increase economic returns.

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## INDUSTRY

### OFFICIAL DISCUSSES INDIVIDUAL INDUSTRY, COMMERCE

OW261129 Beijing XINHUA Domestic Service in Chinese 0150 GMT 26 May 82

[Text] Beijing, 26 May (XINHUA)--A responsible person of the central administration of industry and commerce has told XINHUA reporters that China's urban individual industry and commerce need continued support and development. To meet the needs of society in various respects it is essential that, from now on, we must energetically develop the individual handicraft industries, repair and service trades and local catering services.

The responsible person said: Since the convocation of the party's third plenary session China's urban individual industry and commerce have been restored and developed. By the end of 1981 there were 830,000 families or 1.01 million people in urban areas engaging in individual handicraft industry, commerce, catering services, service trades, house repairing undertakings and transport business. This figure is 6.2 times greater than that of 1978. Individual industry and commerce have played an active role in promoting commodity circulation, activating the market and providing daily conveniences for people. There are more and more jobless youths who go in for individual industry and commerce. There were over 200,000 jobless youths engaging in individual industry and commerce in 1981.

The responsible person of the central administration of industry and commerce added: There are still problems existing in the development of individual industry and commerce. For example, there is not enough space for development; some departments ask for exorbitant fees from families engaging in various individual trades and that such fees are often not consistent; some localities have not extended sufficient support and protection for individual industry and commerce. These factors have greatly dampened the initiative of developing individual industry and commerce. From now on, we must make efforts to solve these problems, strengthen leadership and supervision and promote the healthy growth of individual industry and commerce.

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## DOMESTIC TRADE

### IMPORTANCE OF PRICING POLICY STRESSED

Shanghai JIEFANG RIBAO in Chinese 22 Feb 82 p 2

[Article by Li Yin [2621 7299]: "The Crucial Importance of Upholding the Pricing Policy"]

[Text] Not long ago, the Fengguang Department Store in the Huangpu District sold the Peacock Brand of nylon stockings at 1.47 yuan a pair instead of 1.39, increasing the price by 10 cents without authorization. After some 440 pairs had been sold, those in leadership positions, apprised of the violation, immediately put a stop to the practice by dealing severely with the culprits.

What made this department store increase prices without authorization? It so happened that it had suffered a loss of 90 yuan by inadvertently selling genuine nylon stockings as seconds and that it then decided to resort to this improper method to recoup the loss.

From this incident, we can clearly see that although good work has been done in holding prices in check in this city, there are still instances where the pricing policy is being violated. If there are people who raise prices without authorization on articles whose prices are under government control, it can be imagined how often the pricing policy is being violated for small commodity items and special sideline local products whose prices are subject to negotiation and therefore lacking in uniformity. Recent investigations have revealed certain practices which merit serious attention. Taking camel hair of the same quality as an example, it is sold at 8.40 yuan a jin at some stores and 8.50 yuan at others. Porcelain tiles of the same quality are sold at 25 cents a piece at some stores and at 32 cents a piece elsewhere. The practice of substituting inferior articles for articles of fine quality and of shortchanging is even more rampant. Some packaged commodities vary in quantity and in weight. By using different packages, some production units resort to such devious means to increase prices as representing old products as "new products." Such practices have given rise to a great deal of complaint by the masses. Are not such wisecracks which went the rounds at one time as "milk coffee candies" and "coffee milk candies" prime examples of this chaotic state of affairs? All in all, such incidents show that those who think the matter of prices is of little consequence are not facing facts. Far from being unnecessary, it is a matter of utmost importance to continue to alert the masses to the need to investigate into and to supervise the pricing of commodities.

The pricing situation tells us that many comrades in the basic level stores have a vague idea of the pricing policy. The firm adherence to fixed prices is an important party policy. How well this policy is being observed affects not only the economic life of thousands and tens of thousands of families, but also the stability and unity of the people and the masses as well as the prestige of the party and the government. Those businesses and employees most closely involved with the market prices must pay the strictest attention to this policy. The least they can and must do to implement the pricing policy is to sell merchandise at prices fixed by the government. Not only the basic level units, but also those commercial departments in leadership positions must not be allowed to take it upon themselves to alter the prices of commercial commodities approved by the government. It was a minor error on the part of the Fengguang Department Store to have suffered a loss by inadvertently selling a quantity of commercial commodities at a lower price, but for it to make up for the loss by raising prices without authorization turned a minor error into a major offense in that it was in violation of the pricing policy. That the employees of that department store were unable to distinguish between the different nature and relative gravity of the two errors is an indication of the extent of their lack of understanding of the policy.

In the course of the last 2 years, the party and the government have issued a number of instructions and adopted a number of concrete measures to ensure the stability of commodity prices. Shanghai itself has conducted a number of price check inspections and has helped considerably in holding prices in check by organizing a network of over 1,000 volunteer inspectors and setting up an inspection system on a regular basis. However, due to the fact that certain departments had failed to do a thorough job in the political and ideological area, the importance of stabilizing commodity prices has yet to be made known to every family and household. Even in such important battlefronts as basic department stores, not a few of the comrades have yet to truly appreciate the importance and inviolability of the policy. This is manifested not only in their business operations, but also in their work style. When they hear unfounded rumors going the rounds in society, some of those engaged in business operations not only fail to squelch the rumors, but even help to spread such rumors with the result that rumors feed on rumors with disastrous consequences. Was that not how the brouhaha created by rumors about the price increase of crystal sugar was brought about some time ago?

At the close of the Chinese revolution, it was Comrade Mao Zedong who correctly drew the conclusion that "policy and strategy are the life of the communist party." That our party was able to proceed from victory to victory in the course of half a century was due basically to the correct policy of the party. Without a correct policy, we cannot expect to enjoy the support of the masses. This is a profound historical lesson that we have to learn. We must, under no circumstance, neglect our work in educating the staff members and workers in matters of policy.

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CSO: 4006/363

## FOREIGN TRADE

### SYSTEMATIC REFORM OF CHINA'S FOREIGN TRADE SETUP URGED

Fuzhou FUJIAN RIBAO in Chinese 9 Feb 82 p 3

[Article by Wei Qin [7614 4440]: "The Systematic Reform of the Foreign Trade Setup"]

[Text] In his report on the work of the government delivered at the Fourth Meeting of the Fifth National People's Congress, Premier Zhao Ziyang listed 10 guiding principles for economic construction from now on. He pointed out that under the principle of holding firm to the open door policy and of self-reliance, such cities as Shanghai, Fuzhou and Xiamen should come forth with greater contributions in promoting economic and technical exchange with foreign countries. He further pointed out the necessity to adopt without delay various measures for the training of personnel, the establishment of an international commercial intelligence network, including a network responsible for purchasing and sales, to continue to engage in the systematic reform of the existing foreign trade administrative setup, to activate the positive attitude of the regions, departments and enterprises which must also operate strictly under the coordinated and united direction of the government. That is the correct guiding principle for continuing to bring about a reform of the foreign trade setup in our province.

Since the "gradual adoption of the agency instead of the procurement system," our province, in reforming the foreign trade setup, has established at various times 18 foreign trade enterprises made up of industrial and trade units and brought about a change in the pattern characterized by the conduct of foreign trade by foreign trade organizations alone. The specialized foreign trade companies have also been gradually broken up into smaller units which began to engage in business and to set up a number of joint enterprises in foreign countries. Lateral coordination among the enterprises and cooperation with the province have been strengthened. Some of the commercial commodities have been sent to the markets in the various regions and cities. The "three definitive" measure has been adopted to define the scope of responsibility, the payment of subsidies to cover losses and the supply of raw materials. The work of financial auditing has been strengthened. A start has been made in the direction of eventually putting foreign trade operations in the hands of the enterprises or a conglomeration of enterprises. The reform format of "putting an end to monopolistic practices, the unification of specialized business organizations, lateral and vertical cooperation and eating rice out of separate pots" is being put into practice. Following a period of

reforms and readjustments, the province has done well in the conduct of foreign trade. The value of exports in 1981 has shown an increase over that of 1980. The province has exceeded the export quota set by the government by 33 percent. There have also been new changes in the makeup of the export commodities and many new products have been exported. The export of machine products has increased by 100 percent. The adoption of special policies and flexible measures in its foreign trade operations requires that our province should further emancipate its mind, increase its freedom of action, continue to introduce reforms methodically in the foreign trade system and offer new insights gained from new experiences to the entire nation.

In the process of continuing to bring about reforms methodically in the foreign trade system, it is necessary that we should come to a clear understanding of the following:

1. The purpose and direction of the reform of the foreign trade system. What really is the purpose of reforming the foreign trade system? We should approach this question by looking at the flaws in the entire system of the national economy. Our protagonist in trade is the fiercely competitive and constantly changing international market. We must therefore replace the existing highly centralized system largely characterized by administrative control with a system composed of the enterprises and characterized chiefly by the use of economic measures to develop lateral and vertical channels of coordination in order to enlarge the volume of exports, to increase foreign exchange earnings and to achieve the objective of using foreign trade to further promote the entire national economy. The way to bring about foreign trade reforms is for foreign trade organizations to relinquish their purchasing operations and to serve instead as agents and to put the actual foreign trade operations in the hands of the enterprises and a conglomeration of enterprises. If there is too great a decentralization of businesses, the organizations engaged in the same line of business should be merged to form specialized joint enterprises to jointly engage in foreign trade. It is necessary to proceed with the upgrading of the technical standard of the enterprises simultaneously with the improvement and reorganization of the foreign trade system. Serious effort should be made to reduce the cost of exports, to increase foreign exchange earnings and to bring higher economic benefits. The Party Central Committee has already put the financial and foreign exchange contract system into effect in our province. It is only by increasing economic benefits that we can bring about a balance in revenues and expenditures and in the inflow and outflow of foreign exchange and make our accumulated financial income maintain a certain rate of increase and in the proper ratio. "We must, in dealing with problems of an economic nature, make the increase in economic benefits our basic point of departure." The purpose and the *raison d'être* of the reform will not be served if, after the province has been empowered to engage in the export trade, there is a decrease in the volume of exports, an increase in deficits and a larger consumption of raw materials.

2. Link among responsibility, authority and profit. In order to motivate the positive attitude of the enterprises and regions, it is essential to allow the units at various levels to engage in operations in their own ways so that a link may be established between production and sales, that the amount of production may

be determined by the amount of sales and that the number of exports may be increased. Since the enterprises are the entities actually engaged in foreign trade operations, if the operations are shifted to the companies which operate chiefly under the dictates of administrative measures, then the productive enterprises would still be deprived of their rightful power to operate in their own way, and it would still not be possible to activate effectively their positive attitude and the departments and regions would still have to restore autonomous powers to the enterprises. We must avoid this procedure in reforming the foreign trade system in Fujian and we must refrain from vacillating between centralization and decentralization of power. We must follow the repeated instructions of those in leadership positions in the provincial party committee to empower the enterprises to engage in foreign trade operations and to establish a relationship among responsibility, authority and profit.

In his report on the work of the government, Premier Zhao Ziyang stressed the need to reform the economic system in a positive and stable manner, to fully and effectively activate the positive attitude of all the parties concerned, to put into practice step-by-step the separation of politics and the enterprises, to enlarge the autonomous powers of the enterprises, to give the enterprises the status of independent socialist economic entities and to alter the situation characterized by an atmosphere of alienation between the regions and the departments. The reform of the foreign trade system in our province must be brought about along these lines. Lateral liaison must be strengthened so that there may be a close relationship between the industrial and technical sectors on the one hand and trade organizations on the other. This division of labor for mutual assistance and profit necessitated by the system of mass production is a manifestation of the superiority of the socialist system. Although there are in Japan innumerable medium and small-sized enterprises, they are able to adopt a uniform position and to offer uniform prices in their negotiations with outsiders chiefly because they have associations whose job it is to coordinate the interests of the parties concerned and to prevent them from undermining their own interests. We should take a page from what is done in Japan. We suggest that the various economic departments in the province should avail themselves of the services rendered by such associations. We believe that through the adoption of positive and correct methods, the reform of the foreign trade system in our province will have valuable lessons learned from experience to offer to the entire nation and will make the expected contributions toward the enlarged exchange of trade and technology between Fuzhou and Xiamen with foreign countries and the speeding up of the pace of economic construction in our province.

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CSO: 4006/363

## FOREIGN TRADE

### EXPORT OF LIAONING INDUSTRIAL PRODUCTS SEEN PROMISING

Shenyang LIAONING RIBAO in Chinese 23 Jan 82 p 1

[Article: "The Export of Industrial Products of Liaoning Province Shows Good Promise"]

[Text] The total value of the industrial products for export in Liaoning Province in 1981 came to over 2.4 billion yuan, exceeding the previous high achieved in 1980 by 20 percent. The proportion of industrial products among all export products also registered an increase, climbing from 86 percent in 1980 to over 88 percent in 1981.

The following special features may be noted in the export of industrial products of the province during the past year:

First, there was an increase in the export of heavy industrial products. In the past, the chief export items consisted of agricultural sideline and light textile products. In 1980, the proportion of heavy industrial products for export began to exceed 50 percent of all export products. In 1981, the proportion increased to 60 percent. Although the original plan was to export the amount of 140 million yuan of metallurgical products, the actual amount came to 240 million yuan, thanks to the joint efforts made by the industrial and commercial sectors. The increase in the volume of exports was especially rapid in such electrical machinery products as machine tools, shaft bearings, electrical machinery, electric cables and standard items. The annual amount of four lines of exports, including machine tools, exceeded 10 million yuan. Also exported for the first time were small electrical machinery, three types of complete equipment made of zincotype plates and patented technology.

Second, certain industrial products have not only established themselves in the international market, but have also won favorable comment. Such products as refined [chongshao 6850 3599] magnesium, clothing, gunny sacks, plastic knitted bags, carpets, lead glass utensils, small shaft bearings, tires and rubber shoes all enjoyed brisk sales in the international market, so much so that the supply of some products could not meet the demand. At the international Machine Tools Exposition held in Australia in 1981, over 700 sets of machine tools out of the 800-odd sets sold came from our province.

Third, we have made use of imports to promote our exports to enlarge the volume of trade. During the past year, our province gradually enlarged the volume of its exports and increased its capacity for the work of processing by engaging in the processing of imported materials, the processing of materials supplied to us, the processing of sample products, the assembling of spare parts and compensatory trade.

9621

CSO: 4006/355



## LABOR AND WAGES

### PEOPLE'S LIVELIHOOD IN GUANGXI RECENTLY IMPROVES

HK170955 Nanning Guangxi Regional Service in Mandarin 1100 GMT 12 May 82

[Summary] Data provided by the Guangxi regional statistical bureau shows that since the 3d plenary session of the 11th CCP Central Committee, despite financial difficulties, CCP committees and people's governments at all levels in the region have taken a series of measures and done their best to increase people's income and improve people's material and cultural life.

Peasants' income has greatly increased. According to a sample survey of peasant households in 17 counties, the per capita net income was 144 yuan in 1979, 172.9 yuan in 1980 and 203.9 yuan in 1981, which was 84.45 yuan more than in 1978. From 1979 to 1981, there was an average increase of 19.5 percent per year. The increase in peasants' income was the result of the implementation of all rural economic policies of the party, of the implementation of various forms of the production responsibility system and of the development of diversification. The region's total agricultural output in 1981 was 25.1 percent more than in 1978. The increase in peasants' income was also due to the fact that the state raised the purchasing prices of some agricultural and sideline products and reduced or remitted some rural taxes. After the state raised the purchasing prices of agricultural and sideline products and expanded the scope of negotiated prices, peasants' annual average income which was derived from the sale of agricultural and sideline products from 1979 to 1981 was 1.408 billion yuan more than in 1978 and the per capita income was 44.98 yuan. In the 3 years from 1979 to 1981, the region reduced or remitted 130 million yuan of rural taxes and each peasant enjoyed a remission of 4 yuan.

The income of staff members and workers has increased. According to a sample survey of the income and expenses of the households of staff members and workers in five cities, including Nanning and Liuzhou, their per capita income a month in 1981 was 34.57 yuan, which was 43.4 percent more than in 1978. After taking the increase in commodity prices into account, their income increased by 20.6 percent. In the 3 years from 1979 to 1981, the region arranged jobs for 418,600 people. Jobs have now been arranged for the majority of people awaiting employment. As many people have obtained employment, the economic burdens of the households of staff members and workers have been alleviated and the income of staff members and workers has increased. The total amount of income of the staff members and workers of units under the ownership by the whole people and by urban collectives throughout the

region in 1981 was 578 million yuan more than in 1978 and there was an average increase of 193 million yuan per year. The per capita wages of staff members and workers a year in 1981 was 177 yuan more than in 1978 and each worker had an average increase of 59 yuan a year, an increase of 32.5 percent. After taking the increase in some commodity prices into account, the real income of staff members and workers increased by 11.4 percent.

The total amount of labor insurance and welfare funds of the staff members and workers of the units under the ownership by the whole people throughout the region in 1981 was approximately double that in 1978. The proportion of the amount of welfare funds to the total amount of wages increased from 11.5 percent in 1978 to 14.9 percent in 1981.

As people's livelihood in urban and rural areas in the region improved, in 1981 every 100 households had an average of 60.8 bicycles, 36 percent of which were bought in 3 years from 1979 to 1981; 27.6 sewing machines, 37 percent of which were bought in that period; 44.2 watches, 47 percent of which were bought in that period; 20.3 radio sets, 63 percent of which were bought in that period; and 0.3 TV sets, 65 percent of which were bought in that period.

In the 3 years from 1979 to 1981, the region invested 535 million yuan in housing for staff members and workers of the units under the ownership by the whole people. This investment was double that in the 10 years from 1966 to 1975. The construction of residential houses for staff and workers on 7.52 million square meters was completed and there was an average increase of 2.51 million square meters per year. If each household had been provided with housing on 50 square meters, 150,000 households of staff members and workers would have moved into new houses in the 3 years. According to the survey in five cities, including Nanning and Liuzhou, by the end of 1981, each urban resident had a housing area of 5.9 square meters. According to the sample survey of peasant households in 17 counties, each rural person had a housing area of 8.8 square meters.

By the end of 1981, the savings of residents in urban and rural areas in the region was 977 million yuan, which was 150 percent greater than in 1978. Of this, the savings of urban residents was 694 million yuan, an increase of 130 percent, and the savings of rural commune members was 283 million yuan, an increase of some 200 percent.

The public health and medical conditions have improved. By the end of 1981, all hospitals throughout the region had 54,400 beds, which was 11.5 percent more than in 1978. The number of public health technicians in 1981 was 32 percent more than in 1978. Beginning in 1981, the maternity leave of a female worker who is resolved to have only one child was increased from 56 days to 90 days.

The cultural life in the region has been enlivened. By the end of 1981, the region had some 5,600 film projection units, some 3,000 units more than in 1978. The region had 182,000 TV sets and 1.436 million radio sets. The number of students of institutes of higher education in the whole region in 1981 was 24,300, 16.3 percent more than in 1978.

CSO: 4006/462

## LABOR AND WAGES

### BRIEFS

**QINGHAI STATE ENTERPRISES**--Labor productivity of state-owned enterprises in Qinghai Province went up again in the first quarter of this year. Average productivity was 1,653 yuan, up 197 yuan or 14.4 percent compared to the corresponding 1981 period. [SK220942 Xining Qinghai Provincial Service in Mandarin 1100 GMT 21 May 82]

**HENAN FORUM OF PROGRESSIVES**--On 11 and 12 May, the Hunan Provincial CCP Committee held a forum of model workers and advanced figures to seriously study and discuss the report, which was made by the all-China Federation of Trade Unions, the CYL Central Committee and the all-China Women's Federation and which was transmitted by the secretariat of the CCP Central Committee, on giving play to the role of advanced figures and promoting the activities of learning from and catching up with the progressives. Responsible comrades of the provincial CCP committee, including Wan Da, Sun Guozhi, Zhao Chuqi and Liu Yue; and responsible comrades of the Provincial Federation of Trade Unions, provincial relevant fronts and Changsha Municipality, attended the forum. On behalf of the provincial CCP committee, Sun Guozhi spoke at the forum. The provincial CCP committee demanded that CCP committees at all levels conduct inspection of the activities of learning from and catching up with the progressives and seriously enforce the regulations which have been formulated by the state on remuneration for model workers. All departments and leaders at all levels must show concern for and support advanced and model figures. Advanced and model figures must achieve good results to greet the holding of the provincial meeting of representatives of model workers and advanced collectives. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 12 May 82 HK]

**XIZANG WORKERS' INCOME INCREASES**--According to the statistics compiled by relevant departments in Xizang region, the average monthly income of staff members and workers in the region from 1979 to 1981 was 27.27 yuan more than in 1978. In October 1979, the region promoted 75,199 people, the income of each of whom increased by an average of 10.4 yuan. The increase in total monthly wages paid by the region amounted to some 782,000 yuan. The region also promoted in grades and positions, some 14,500 people who were grade 1 workers or grade 26 administrative personnel before March 1979. Given that the income of each of them increased by 7.5 yuan, the total increase in the monthly wage bill of the region, was some 109,000 yuan. The region promoted 16,837 people in the education, public health and physical culture systems in

1981 and the total amount of monthly wages increased by 180,780 yuan. Over the last 3 years, the region has issued a monthly average of 382,000 yuan in bonuses. Since the prices of the main nonstaple food were raised in November 1979, the extra monthly allowance for living expenses issued to each staff member and worker has been 9.5 yuan, 10 yuan and 11 yuan respectively, according to height above sea level. The region's total average monthly expenditure has been 697,563 yuan. [HK240743 Lhasa Xizang Regional Service in Mandarin 1130 GMT 12 May 82]

CSO: 4006/462

## TRANSPORTATION

### BRIEFS

RAILROAD REPAIR WORKERS VISITED--On the morning of 24 May, Ren Zhongyi, first secretary of the Guangdong Provincial CCP Committee, and Liu Tianfu, governor of Guangdong Province, personally paid a visit to railroad workers in Qingyuan County who worked hard to repair the section of the Beijing-Guangzhou railroad which had been destroyed during the flood. Ren Zhongyi and Liu Tianfu comforted and thanked all personnel involved for their hard efforts. [Summary] [HK250651 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 24 May 82]

CSO: 4006/462

## Highway Repair, Construction

AUTHOR: None

ORG: Department of Transportation, Shanxi Province

TITLE: "HU Yaobang [5170 5069 6721] 's Directive Concerning Urgent Repair and Construction of County and Commune Highways Implemented in Shanxi Province"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 4, 25 Apr 82 pp 1-2

ABSTRACT: In response to the report of prefecture and municipal committee members of Shanxi Province regarding the need of transporting coal out of that region and the poor condition of highways there, in the afternoon of 14 Aug 81, HU Yaobang directed "the one thing that was successful about the "Great Leap Forward" was to assign people and workers to repair railroads and highways." "In the winter, the farmers do not have as many chores and will be willing to repair highways even if the pay is not much..." This directive was communicated to the provincial department of transportation in early Sep and soon afterwards a highway work conference was called to formulate detailed instructions for all local jurisdictions throughout the province. In the process of implementing this directive, there remain the following problems: (1) It is implemented better for county and commune highways than for highways of special industries; (2) The local authorities are more than willing to repair the highways but a large amount of money is needed. For example, if the Dakou Line of Jincheng is to be resored and made operative, about 16 million yuan will be required and if this sum must be raised entirely from local resources, where only about 3-4 million yuan a year is available at the maximum, completion of the project will have to be dragged on for a long time. This paper was received for publication in Feb 82.

AUTHOR: WEI Zhicheng [7279 1807 2052]

ORG: Highway Division, Bureau of Transportation, Changchun City

TITLE: "Some Problems in Need of Being Resolved"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 4, 25 Apr 82 pp 3-5

ABSTRACT: Compared with advanced countries of the world, China's highways are backward in terms of scientific research and designing and even more so in terms of construction and management. The author relates his personal experience in a 70 m bridge project. After considerable efforts in designing for the purpose of saving materials, a design was produced with an estimated construction cost of one million yuan. There were delays in construction and the construction management was less than satisfactory. In the end, when the project was completed, the cost had reached 2.5 million yuan. With this type of construction management level, no matter how advanced is the structural design, the advantages of the design will never become a reality. The problem of construction management must be resolved, according to the author, by adopting the following measures: (1) Unifying responsibility and authority; (2) Unifying financial and personnel authorities; (3) Utilizing locally suitable materials; (4) Reducing the number of intermediate links [Simplifying procedures and redtape.]

AUTHOR: LI Senlin [2621 2773 2651]

ORG: Hunan Provincial Bureau of Highway Management

TITLE: "The Problem of Highway Management Authority Must be Resolved Without Delay"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 4, 25 Apr 82 pp 5-7

ABSTRACT: After the system of production responsibility is implemented in all rural villages of the province, the grain production has risen and commune markets have become very active. The situation is indeed delightful. New problems begin to appear, however. For example, rural villages would not allow road maintenance workers to go up the mountains or down the river terraces to gather materials for the use of road repairs. Some communes and brigades have made demands for new purchase transactions of roads built before 1958 with local labor. [If the provincial authority does not buy these roads over again] [the villagers threaten that] these roads will be dug up and turned into fields. As a matter of fact, some communes and brigades have dynamited mountains by the highways [to build fields on the side of these mountains,] used sections of highways to thresh or sun grains, dug up part of the roadways to drain water, constructed kilns and shacks right on the road, or cut down trees by the roads. During the second quarter of 1981, the long distance bus in Laiyang had to stop due to these obstructions on the road 362 times. In Cili County, the things piled on the road took areas totaling 2 x 26 m. An accident was caused by such obstructions on the road, and one person died and 21 persons

[continuation of GONGLU No 4, 1982 pp 5-7]

were injured. According to a survey carried out by the highway department of the province in 1980, there were 57,473 such road obstructions, 6700 incidents of illegal use of roadways, 14,000 pieces of highway signs destroyed, and 4,357 km of road beds taken over by fields; the obstructions on the road had caused 442 accidents and 243 persons died in these accidents. In spite of repeated pleas on the party newspapers and television broadcasts, this problem of highway management remains to be resolved. The author believes that there is an urgent need for a management agency with a unified authority to adopt measures, to formulate policies, and to be given the power to enforce the law on the highways.

AUTHOR: None

ORG: Anhui Provincial Department of Transportation

TITLE: "A Survey of the System of Work and Economic Responsibility With Respect to Highway Maintenance in Sections"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 4, 25 Apr 82 pp 37-39

ABSTRACT: In 1977, the Xiao County of Anhui Province had an 84 percent rate of good asphalt roads and a rate of 55 percent for gravel roads. Starting in 1978, following the example of joint production responsibility system being practiced in the rural villages, a system of work and economic responsibility for highway maintenance in sections was adopted. In these 3 years, the rate of good asphalt roads has risen to 90 percent and that of gravel roads to 76 percent. The concrete contents and methods of this system are described in some detail. The advantages of practicing this system and its good results are also discussed.

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CSO: 4011/102

END